TWO YEARS OF FARM WAGE STABILIZATION IN CALIFORNIA

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By William H. Metzler, Social Science Analyst

SUMMARY AND CONCLUSIONS

When wartime price and wage controls were instituted by Congress in the fall of 1942 control over farm-wage rates was explicitly postponed as these rates were still generally substandard. In California and other areas where the drain of labor to defense industries was very heavy, however, farm-wage rates had already begun to spiral upward. As the rates went up, farmers demanded corresponding increases in the prices of their products.

Application of the stabilization program to farm wages was initiated by officials of the California Asparagus Growers Association who were interested in seeing that wages should not rise so high that asparagus growers could not afford to harvest their crops. Their request that maximum wage rates be established for operations in their industry was granted in March 1943 by the War Food Administrator, acting under authority granted in the Emergency Price Control Act.

This proposal called for the establishment of ceiling rates for specific farm jobs, with the proviso that growers who were placed in a position of hardship by any such maximums could apply for permission to pay rates above the ceiling level. The measure worked so successfully that it was copied by 18 other farm industries in the State during 1943 and 1944.

Though the primary purpose of wage ceilings was to set maximums above which wage rates could not go, they were equally beneficial in obtaining more effective use of the existing labor supply. Workers wasted much less time shopping about from job to job to obtain the best wage rate possible.

The specific wage-ceiling orders were supplemented early in 1944 by a general wage regulation which froze all farm-wage rates at $2,400 a year (interpreted in California as 85 cents an hour) or at the highest level that had been paid before December 9, 1943. This

MAJOR PRODUCING AREAS OF CROPS COVERED BY WAGE CEILINGS CALIFORNIA, 1943-1944

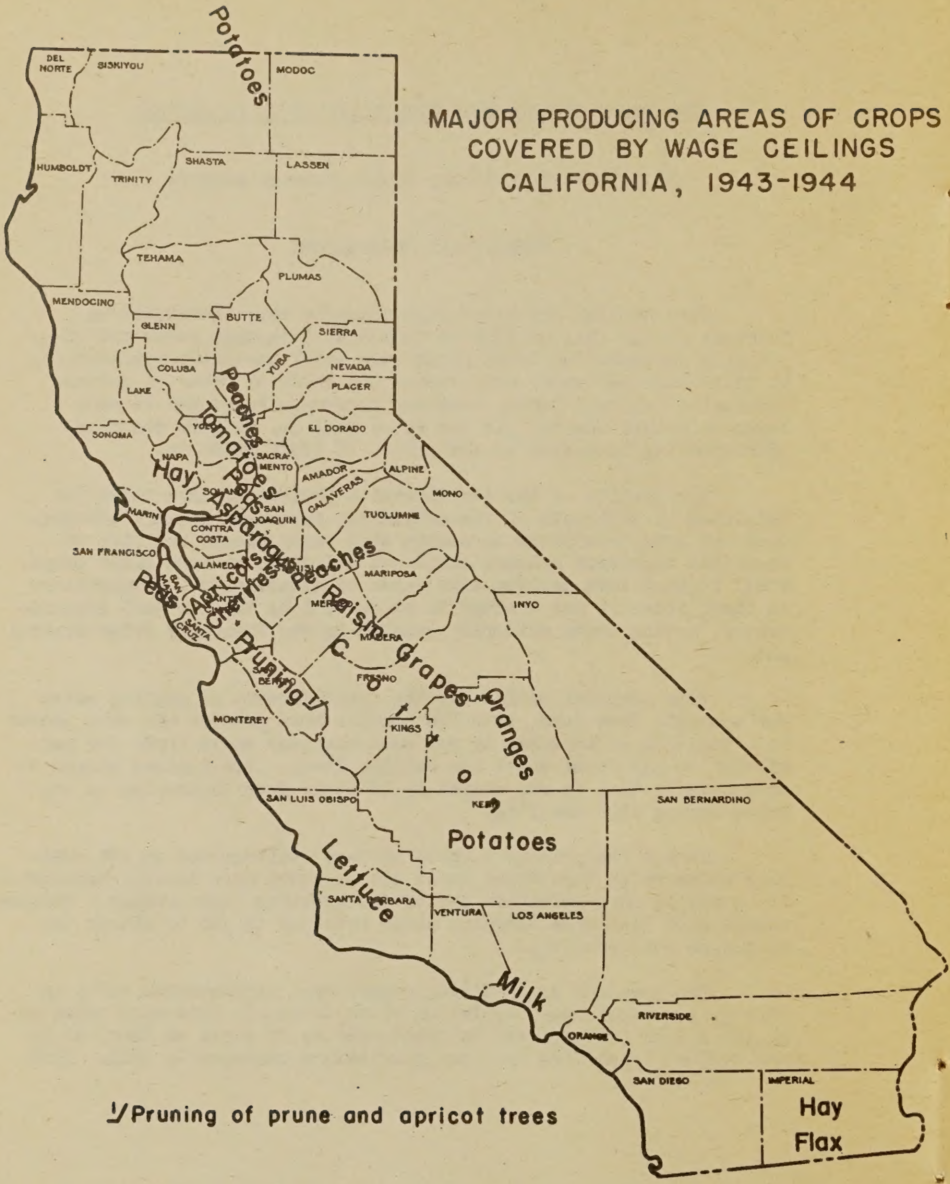

FIGURE I

measure served to establish 85 cents as a general maximum for farm-wage rates and as a standard in calculating specific wage-ceiling levels. On the other hand, it gave growers who had already paid over 85 cents an hour a permanent advantage in obtaining labor.

These programs were administered by the State Wage Board, which originally had been created to determine prevailing wage rates for imported workers from Mexico. In 1943 this agency was affiliated with the State War Board and used County Agricultural Adjustment Agency offices for local administration of the wage-ceiling orders. In 1944 it was set up as a separate agency under the War Food Administration but with very limited funds. The funds were so limited that the organization was unable to hire sufficient local personnel to carry out all phases of its program.

The usual procedure in initiating a specific wage-ceiling order has been for growers of a particular crop to request a public hearing at which the State Wage Board could ascertain how much sentiment existed in favor of wage ceilings on operations in their industry. At these hearings the Board could also ascertain the operations that should be covered by ceilings and the general feeling as to what the ceiling rates should be. Recommendations were then sent to the War Food Administrator who issued the ceiling order. Such orders usually followed the recommendations made by the State Board.

One ceiling was initiated by growers of a competing crop. Potato growers in Kern County asked for a wage ceiling but asked that a corresponding ceiling be placed on orange picking in Tulare County which drew workers from the same labor market. The orange growers acquiesced and were so successful in administering their own ceiling that they became strong supporters of the program.

A highly significant aspect of the administration of ceilings has been the use of committees of growers to handle applications to pay above-ceiling rates. Use of these committees has had several definite advantages: (1) It has permitted expansion of the program in spite of a very limited budget. (2) It has secured the assistance of persons who have had a first-hand knowledge of each agricultural industry and its wage problems. (3) It has promoted favorable public relations for the program among growers and has allowed a greater degree of democratic control over the enforcement of wage ceilings.

On the other hand, it has been found that clashes of economic interest sometimes exist within an industry and that growers with one type of interest may gain control over a committee and make decisions that are detrimental to other growers and to the industry as a whole. It has also provided an opportunity for advocates of pinch-penny wages to get on a grower committee and force their ideas as to wage rates on an industry.

A major problem in connection with wage ceilings has been securing adequate representation of farm workers both at hearings and on the local committees that pass on requests to pay adjusted rates. The fact that grower associations, together with public agencies whose contacts have all been with growers, have promoted the program has caused workers to feel that it was an employer movement to deprive them of the benefits of wartime increases in wages.

Actually the attempts by wage board officials to obtain worker representation met with a variety of responses. In some counties genuine attempts to get workers to take part on local committees failed. In other cases workers did put in an appearance but so little mutuality existed between growers and workers that they seemed to be unable to function together. In some counties workers were asked to choose their own representatives who would have an equal voice with growers in passing on adjustments. When this procedure was used it worked satisfactorily and promoted better employer-employee relationships. In other counties growers have been unwilling to go so far as to permit workers to select their own representatives, fearing that it might lead to organization of the worker group.

The method of arriving at optimum ceiling rates requires further development. Pressure groups agitating for one wage rate or another have more influence in this process than a strictly public program would seem to call for. More objective means of determination need to be developed.

In establishing ceiling rates for a particular operation wage board officials had to choose between proportioning it according to the increased price received for the product and the need to equalize it with rates obtained from other operations.

Close adherence to the former rule resulted in significant differences in worker earnings at one ceiling rate as compared to another. Such differentials created worker opposition and led to shifts from one crop or operation to another.

Enforcement of ceiling orders has been a more delicate problem than some administrators have been able to handle. Success has depended largely on public support. When such support was lacking some officials resorted to "crack-down" methods rather than attempting to build up local public endorsement. This led to collusion by growers and workers to pay above ceiling rates, and local administration degenerated into a baffling chase to track down violators. Fortunately the use of such procedures was rare.

Though both growers and workers regarded wage ceilings with suspicion at the start, support from both groups is increasing. It seems probable that attitudes of mind and procedures of action are being developed which will be of permanent value in the solution of wage-rate problems in California.

INCEPTION OF FARM WAGE CONTROL

Prices and wages in the United States began to move upward immediately after the outbreak of the World War in September 1939. In that month wholesale prices rose 5.5 percent and retail prices 2.0 percent. 1/ Later increases were less rapid and it was April 11, 1941, before the Office of Price Administration was created to stabilize prices and prevent abnormal increases in prices and rents. Little thought was given at that time to wage control. In fact, on September 29, 1941, Leon Henderson, then director of the Office of Price Administration, stated at a convention of the National Association of Manufacturers, "Labor is not a commodity, and wage fixing in the nature of the case is income fixing, not price fixing. Income fixing is a drastic step fraught with deep and serious implications for business as well as labor."

By September 1942, however, hourly earnings of industrial workers had risen by 40 percent over the 1939 average and wage rates of agricultural workers had increased by 65 percent over the low

1/ Office of Price Administration. Handbook of Basic Economic Data. March 1944.

level existing in 1939. It became evident that control of wages as well as prices was essential in order to check inflation. General wage controls were instituted on October 27, 1942, and industrial wage rates were frozen at the level which existed September 15, 1942. The complex problem of handling farm-wage rates was assigned to the Secretary of Agriculture with the explicit understanding that these rates were still largely substandard and not yet in need of control. 2/ At this time an article by William T. Ham suggested that the farm-wage and price situation might call for the British system of wage-rate determination. In great Britain, County boards composed of farmers, workers, and representatives of the public had been setting local farm-wage rates for a number of years. 3/

Heavy demands for manpower by war industries and the armed forces had already begun to be felt in agriculture. California farmers with perishable crops were especially concerned. The shift of manpower from peacetime pursuits in the State is evidenced by the following figures on annual average employment:

	1939	1940	1941	1942	1943
Aircraft	16,800	41,200	96,100	175,000	236,000
Shipbuilding	4,000	7,300	30,900	159,700	274,000

(Figures compiled by California Department of Industrial Relations, Division of Labor Statistics and Law Enforcement.)

Increases in farm-wage rates became a problem in California in the spring of 1942 when sugar-beet and asparagus workers began to realize that the scarcity of labor afforded them a significant advantage in the establishment of wage rates. They moved about from grower to grower in an effort to get as much for their labor as they could. Beet thinners began working in March 1942 for $9 an acre but by the end of the thinning season in May they were asking for $16 and $18. Asparagus cutters who had begun their work in March for $1 per hundred pounds gradually increased their requests to $2 and even $3 before the season was over. In the labor harvests in California in

2/ For a more detailed account of the legal foundation for wage ceilings see L.J. Ducoff, Wages of Agricultural Labor in the United States, Chap. 8, Published by Bureau of Agricultural Economics, Washington, D. C., Sept. 1944.

3/ William T. Ham. "To Fix or Not to Fix Farm Wage Rates." Land Policy Review, Fall 1942. Bureau of Agricultural Economics, Washington, D. C.

that year much the same procedure was followed. Laborers had begun to capitalize on their advantage in the labor market. Growers were amazed at the new attitudes displayed by seasonal farm laborers. The humble plea for a living wage was supplanted by the worker's realization of his improved bargaining position.

Pressure for increased wage rates did not come from the workers alone. Growers who were afraid their crops might be lost resorted to bidding workers away from their neighbors by offering them higher wages. This led to counter offers which gave convincing proof to workers that they were not getting all they thought they should. While the over-anxious grower supplied a major impetus to rising wages other growers also contributed to the situation. Some were making handsome profits and felt they should share their gains with their workers. Others saw higher wages as a way to build good-will among their workers.

The heaviest bidding for labor, however, came from the defense industries in the State which had a job to perform regardless of the cost. Average earnings of shipyard workers in the State were 84 cents an hour in March 1940 and had risen to $1.23 by March 1942 (table 1). Wages in aircraft plants rose from 65 to 92 cents an hour during the same period. Such wages were attractive, compared with the 30- and 45-cents an hour wage offered by farmers.

Proposals for farm-wage control were discussed during the fall of 1942 and were eventually presented to officials in Washington by officers of the California Asparagus Growers Association in March 1943. Prices that growers could obtain for asparagus had been fixed but the wages they had to pay for harvesting their crop were constantly being pushed upward through concerted activity of the workers. The point was rapidly being reached at which the growers would either have to request a price rise or cease to harvest their crop. In March 1943, Gordon Lyons, manager of the Association, persuaded Washington officials that specific ceiling rates should be placed on each of the operations involved in the asparagus harvest. The task of ascertaining maximum rates which would be fair both to the growers and to the workers was assigned to the California Wage Board, headed by Dave Davidson, chairman of the State Agricultural Adjustment Agency Committee and of the State War Board. This Board

Table 1.- Average earnings in selected industries and wages in agricultural operations in California, selected months in 1940, 1941, 1942 and 1943 1/

Industry or operation	Unit	Average wage rate 1940 March	1940 Sept.	1941 March	1941 Sept.	1942 March	1942 Sept.	1943 March	Percent increase March 1940-43
		Dols.	Dols.	Dols.	Dols.	Dols.	Dols.	Dols.	Pct.
All manufacturing	Hour	.75	.74	.80	.85	.97	1.08	1.21	61.3
Shipbuilding	"	.84	1.00	1.01	1.14	1.23	1.32	1.33	58.3
Aircraft	"	.65	.74	.76	.82	.92	.97	1.00	53.8
Iron & steel products	"	.80	.81	.83	.92	1.00	1.10	1.25	56.2
Lumber and timber	"	.73	.74	.76	.85	.87	.98	1.04	42.5
Canning & preserving	"	.56	.56	.57	.61	.72	.78	.81	44.6
Dairy products	"	.64	.65	.66	.70	.77	.85	.84	31.2
Meat products	"	.74	.75	.76	.85	.87	.94	.96	29.7
Nonmanufacturing									
Crude petroleum	"	1.00	1.01	1.03	1.08	1.11	1.17	1.20	20.0
Motion picture producing	"	1.29	1.29	1.31	1.34	1.46	1.52	1.55	20.2
Water, light & power	"	.88	.92	.92	.98	.96	1.07	1.08	20.4
Trade									
Wholesale	"	.81	.84	.85	.90	.95	.99	1.02	25.9
Retail	"	.61	.61	.62	.66	.70	.74	.76	24.6
Street car & bus operation	"	.69	.70	.71	.75	.80	.85	.85	23.2
Cleaning & laundering	"	.52	.52	.53	.55	.58	.62	.67	28.8
Hotels	"	.42	.42	.42	.43	.47	.52	.57	35.7
		Spring	Fall	Spring	Fall	Spring	Fall	Spring	
Agriculture									
General farm labor	Hour	.30	.35	.40	.45	.45	.60	.60	100.0
Asparagus cutting	Cwt.	.95	—	1.05	—	1.50	—	2.75	189.5
Tomato picking	Ton	—	3.50	—	4.00	—	4.80	—	94.3 2/
Cherry picking	Lb.	.01½	—	.01½	—	.02½	—	.04½	200.0
Cotton picking	Cwt.	—	.95	—	1.30	—	1.90	—	131.6 2/
Raisin grape picking	Tray	—	.01½	—	.02	—	.04½	—	233.0 2/
Pea picking	Hamper	.30	—	.30	—	.40	—	.65	116.7
Peach picking	Box	—	.05	—	.06	—	.09	—	140.0 2/

1/ Data on manufacturing and nonmanufacturing industries are average earnings per worker as compiled from the California Labor Statistics Bulletin, published by the California Department of Industrial Relations. Farm-wage data from weekly reports of the U. S. Employment Service.

2/ Percentage figured on basis of wages in fall of 1943.

had previously been determining "prevailing wage rates" which were to be paid to imported workers from Mexico. 4/ The ceiling order that followed rolled wages back slightly and permitted all but the most marginal beds to be harvested.

Success of this order set the pattern for specific wage ceilings and by the end of the year three more had been enacted in California and one in Florida. Those in California covered the harvesting of tomatoes, raisin grapes, and cotton. In November Federal authorities decided that operation of these ceiling orders should continue for the duration of the war. During the 1944 season 14 more specific ceilings were developed in the State by cooperative action of growers and the War Food Administration, and almost an equal number were enacted elsewhere (table 2).

In the meantime Washington officials were working on the formulation of a general wage order which would put a top limit on farm wages for all operations and for all parts of the country. This program was announced in December 1943. It provided that all farm wages over $2,400 a year were frozen and that no increase in wages above that amount could be made in the future without the approval of the War Food Administrator. It has strengthened the specific ceiling program in California by establishing general farm-wage maximums.

General objectives of the wage stabilization program were stated by General Bruton and Meredith C. Wilson as follows:

> "Wage stabilization is of interest to farmers from two points of view, first as a means of preventing inflation; second, as a means of helping to stabilize the conditions of labor supply.
>
> "1. From the first point of view, farm wage stabilization is a means of preventing increases in wages likely to lead to such increases of labor costs as would endanger the stability of prices.
>
> "2. From the second point of view, wage stabilization assists in the control of farm wage rates, in relation to industrial wage rates, so as to prevent undesirable shifting of manpower from agriculture to industry or vice versa.

4/ This carry-over was peculiar to California. The organization and procedures of the present Board were largely developed during the days of prevailing activity regarding wage rates.

Table 2.- Specific wage ceilings, California, 1943 and 1944: Crops, counties, and operations covered, date and ceiling rate for each operation

Crop	Date	Counties covered	Operations covered	Rate
Asparagus (Cannery)	4/12/43	San Joaquin, Yolo, Sacramento, Solano, Contra Costa	(1) Cutting, sledding	White, \$2.75 per cwt. Green, \$3.25 per cwt.
			(2) Racking, washing, packing	Machine: white 30¢ per cwt., green 40¢ per cwt. Hand: white 40¢ per cwt., green 55¢ per cwt.
Tomatoes	8/24/43	San Joaquin, Yolo, Yuba, Sacramento, Contra Costa, Alameda, Santa Clara, Santa Cruz, San Mateo, San Benito, Monterey, Stanislaus, Merced, Napa, Sonoma, Solano, Sutter, Butte	Picking	Round: 17¢ per box per 50-lb. box Pear shape: 21¢ per 50-lb. box
Raisin grapes	8/26/43	Fresno, Kern, Kings, Tulare, Madera, Merced, Stanislaus, San Joaquin	Picking and spreading on trays	Thompsons: 5-7¢ a tray Muscats: 6½-8½¢ a tray
Cotton	10/8/43	Fresno, Kern, Kings, Madera, Merced, Tulare	Picking	\$2.25 per cwt.
	12/22/43		Snapping	\$1.50 per cwt.
Asparagus (Market)	1/20/44	Same counties as in cannery orders for asparagus above	(1) Cutting, sledding	\$2.75 per cwt.
			(2) Packing	\$1.00 per cwt.

(Continued)

Table 2.- Continued

Crop	Date	Counties covered	Operations covered	Rate
Hay and flax	4/4/44	Imperial Valley	(1) Mowing alfalfa	35¢ per acre
			(2) Raking alfalfa	40¢ per acre
			(3) Baling alfalfa	35¢-45¢ per ton per man
			(4) Baling flax straw	45¢-50¢ per ton per man
			(5) Hauling & piling	2½¢-3¢ per bale per man
			(6) Hauling & piling in cars	3¢-3½¢ per bale per man
Potatoes (Early)	4/18/44	Kern, Kings, Fresno, Tulare, Madera, Merced, (within the San Joaquin Valley) Santa Barbara, Ventura, San Luis Obispo, Kern (within the Cuyama Valley)	Picking	12¢ per cwt. 70¢ per hr.
Oranges (Valencia)	4/20/44	Tulare, Fresno, Kern	Picking	15¢ per box
Peas (Fresh market)	5/4/44	Sacramento, Yolo, San Joaquin north of Mt. Diablo baseline, Contra Costa east of Antioch and north of Santa Fe RR, Solano east of Mt. Diablo meridian	Picking	60¢ per bu. 75¢ per hr.
	5/4/44	San Mateo, San Francisco	Picking	65¢ per 28-lb. container 70¢ per hr.

(Continued)

Crop	Date	Counties covered	Operations covered	Rate
Cherries	5/22/44	Alameda, Contra Costa west of Mt. Diablo meridian, Monterey, Napa, San Benito, Santa Clara, Santa Cruz, Solano west of Mt. Diablo meridian, Sonoma	Picking	$1.00 per hr. 4¢ per lb.
	5/22/44	Butte, Contra Costa east of Mt. Diablo meridian, Sacramento, San Joaquin, Stanislaus, Sutter, Solano east of Mt. Diablo meridian, Sutter, Yuba	Picking	90¢ per hr. 4¢ per lb.
Hay (Alfalfa, vetch, grain)	6/10/44	Marin, Sonoma, Napa, Solano, Alameda, San Joaquin, Contra Costa, Sacramento, Sutter, Yolo, Yuba	Baling and piling	5-wire balers: 15¢-40¢ per ton per man (board in addition) Other balers: 25¢-50¢ per ton per man (board not included)
Apricots	6/23/44	Area A: Fresno, Kern, Kings, Madera, Tulare, Stanislaus west of San Joaquin River, Merced	Tree picking	75¢ per hr. $12 per ton (piece work)
		Area B: Butte, Colusa, Glenn, Napa, Sacramento, San Benito, San Joaquin, Santa Cruz, Santa Clara south of town of Coyote, Solano, Stanislaus east of San Joaquin River, Sutter, Tehama, Yolo, Yuba	Tree picking	80¢ per hr. $13 per ton (piece work)
		Area C: Alameda and Santa Clara north of town of Coyote	Tree picking	85¢ per hour $13 per ton (piece work)

(Continued)

Table 2.- Continued

Crop	Date	Counties covered	Operations covered	Rate
Lettuce	6/28/44	Santa Maria Valley in San Luis Obispo and Santa Barbara Counties	Dry-pack harvesting	28¢ per crate
Dairying	6/30/44	Los Angeles, Orange, Riverside, San Bernardino, Ventura	Milkers, machine	Base pay per string: $205 per month plus bonus of 12½¢ per month for daily average lbs. of milk in excess of 1,900 lbs.
			Milkers, hand	Base $205 mo. plus bonus per mo. of 25¢ for each excess lb. above base poundage
Apricots	6/30/44	Area A: (As above)	Cutting	Piece work: $15 per ton Hourly: 75¢
		Area B: (As above—amended to include Contra Costa)	Cutting	Piece work: $16 per ton Hourly: 80¢
		Area C: (As above)	Cutting	Piece work: $16 per ton Hourly: 85¢
Peaches	6/30/44	Area A: Kern, Kings, Fresno, Madera, Merced, Stanislaus west of San Joaquin River, Tulare	Picking	Freestone for market: $8 per ton 75¢ per hour Freestone for drying or canning: $6 per ton 75¢ per hour

(Continued)

Table 2.- Continued

Crop	Date	Counties covered	Operations covered	Rate
Peaches (Cont'd.)				Clingstone: $6 per ton 75¢ per hour
			Cutting	$6 per ton 75¢ per hour
		Area B: Butte, Colusa, Contra Costa, El Dorado, Glenn, Napa, Placer, Sacramento, San Joaquin, Santa Clara, south of town of Coyote, Stanislaus east of San Joaquin River, Solano, Sonoma, Sutter, Tehama, Yolo, Yuba	Picking	Freestone for market: $8 per ton 80¢ per hour Freestone for drying or canning: $6 per ton 80¢ per hour Clingstone: $6 per ton 80¢ per hour
			Cutting	$6 per ton 80¢ per hour
		Area C: Santa Clara north of town of Coyote	Picking	Freestone for market: $8 per ton 85¢ per hour Freestone for drying or canning: $6 per ton 85¢ per hour Clingstone: $6 per ton 85¢ per hour
			Cutting	$6 per ton 85¢ per hour
Potatoes	9/44	Klamath, Ore., & Siskiyou & Modoc, Calif.	Picking	5¢ per half-sack
			Picking & loading	$1.25 per hour
Navel oranges & lemons	10/31/44	Fresno, Kern, Tulare	Picking oranges	15¢ per box
			Picking lemons	35¢ per box
Pruning fruit trees	12/44	San Benito and southern Santa Clara		60¢ per tree or 90¢ per hour

"3. Wage stabilization also is a means of preventing 'wage spiraling' due to competition between farmers for labor. The ban upon wage increases tends to prevent the 'pirating' of labor by one farmer from another, also the constant shifting of personnel among the labor force on the farm and the consequent loss of working time." 5/

SPECIFIC WAGE-CEILING PROGRAM

In evaluating basic methods of farm-wage stabilization, Washington officials gave their full endorsement to the specific ceiling procedure. In their memorandum of January 26, 1944, to State Extension Service directors, General Bruton and Meredith Wilson write concisely why this device is better adapted to agricultural wage control than the freezing method.

"Farm wage stabilization might have been conceived in terms of a 'freezing' of all farm wages prevailing on a specified date, subsequently permitting desirable changes from that level. This is the method used by the War Labor Board in connection with industrial wages. This method, when successful, has the very desirable characteristic of avoiding administrative determination of the stabilization level.

"This 'freeze' method, however, is not suitable for farm wage stabilization because (1) farm employment is not sufficiently standardized and uniform for the wage rates of a given date to be of specific validity. Farm employment is very scattered and employment contracts are very informal. (2) At any given date, many seasonal tasks are not in operation, therefore these tasks would lack a stabilization base.

"For these reasons, wage stabilization in agriculture requires the determination of a specific level of wages, and provision for adjustments to fit special conditions.

5/ Office of Labor Memorandum No. 25, Washington, Jan. 26, 1944, transmitted jointly by M. C. Wislon, Deputy Director of Extension in Charge Farm Labor Program, and Brigadier General Philip G. Bruton, Director of Labor, War Food Administration.

> "These basic stabilization rates can safely be established only in the light of the following considerations: (1) The past levels and trends of wages for the specific operation; (2) customary differences by areas or districts; (3) extent to which wages are substandard; (4) relation of wage rates to growers' prices; (5) relation to wages in nonfarm occupations; (6) relation of wages for a specific operation to other farm wage rates in the area; (7) types and amount of perquisites.
>
> "Wage determinations by the Administrator must be such as to facilitate the obtaining of sufficient labor for the operations in question, yet such as not to be inflationary or in excess of the growers' capacity to pay." 6/

They might have added that the impetus to wage spirals came chiefly from piece rates which permitted speedy workers to make exceptionally high earnings. Such workers were inclined to boast of their earnings and encourage other workers to ask for higher pay. Therefore, to establish maximums on piece rates was to hit at the very source of the problem of spiraling wages.

The specific wage-ceiling program lends itself readily to the conditions in California. Most of the farm laborers in the State are hired to perform harvest operations for a particular crop, and these operations are well enough standardized that specific rates can be set for each. Only a minority of the producers have abnormal conditions which require the establishment of special rates. Operations in regard to cultivation are not so well standardized but the last ceiling enacted in 1944 began to make progress in this field. It covered the pruning of fruit trees in San Benito and southern Santa Clara Counties. The specific ceiling program also fits naturally into the California practice of holding grower meetings to establish wage rates at the beginning of each harvest season. This practice was most highly organized under the auspices of the San Joaquin Valley Labor Bureau but was used irregularly for crops all over the State.

6/Ibid. p. 4. See also William T. Ham. "Stabilization of Farm Wages." The Agricultural Situation. Bureau of Agricultural Economics, Jan. 1944.

CROPS AND WORKERS COVERED BY SPECIFIC WAGE CEILINGS
CALIFORNIA, 1943-1944

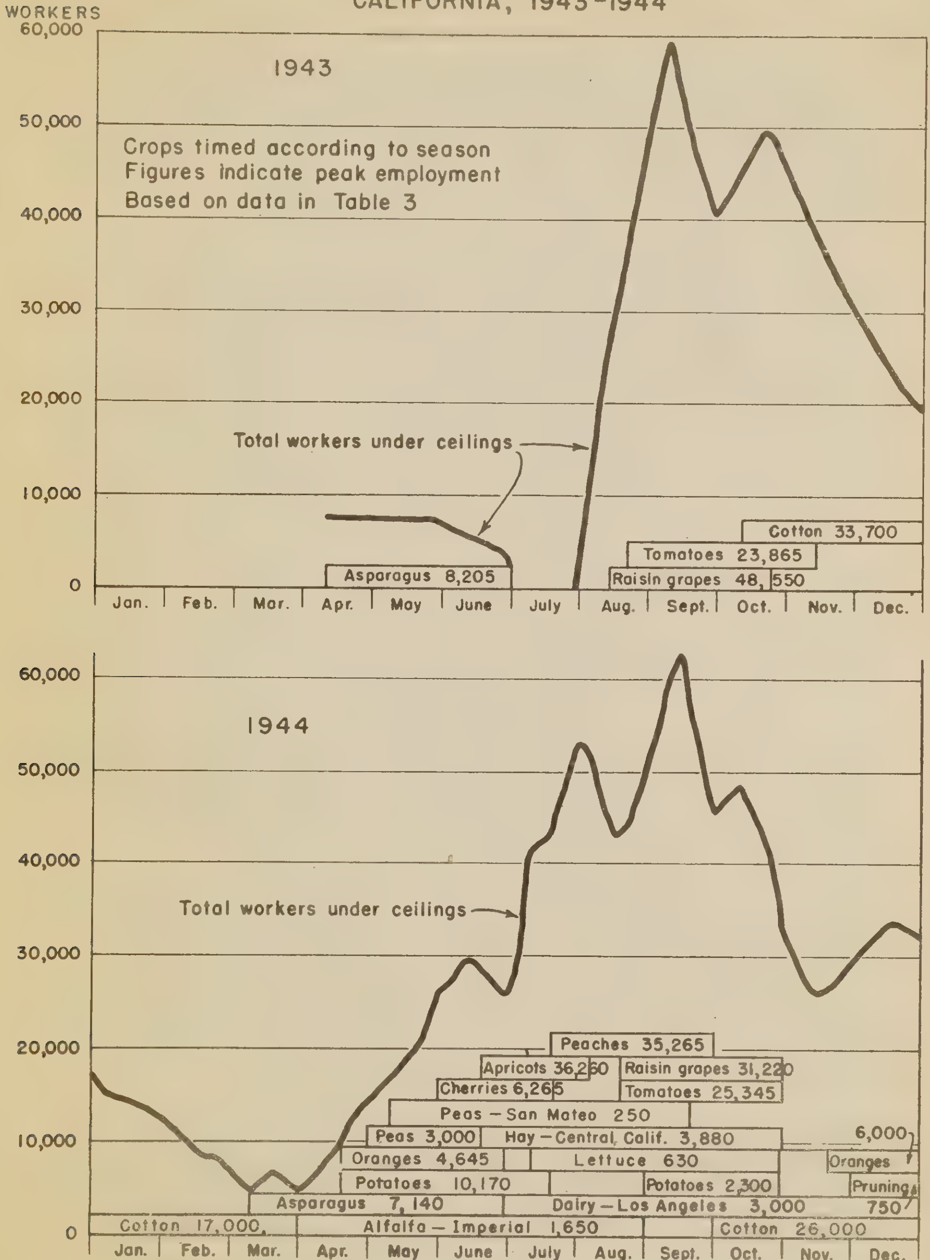

FIGURE II

The purpose of such meetings was to establish a common rate for the season which would be fair to growers and workers alike. There has always been an element among California growers, however, who begrudge their workers every cent they pay them. When members of this group gained control over a wage-rate meeting the result was exploitive wage rates, worker discontent, and general dissatisfaction.

The specific wage-ceiling program operated then to put Government sanctions behind these pre-season wage determinations. The wages established would have the force of law and workers could accept no more or be in opposition to the Government and the war effort. It has been difficult for some growers to understand that when the wage-setting program became public in nature the workers as well as themselves should have some voice in it. Some growers have believed that they should determine the proper ceiling rates and the public officials and workers should accept them without question. Growers whose general plan has been to exploit labor to their own advantage have been especially slow in changing their point of view. They have sometimes been a very difficult problem in connection with both rate establishment and wage-ceiling administration.

Since specific wage ceilings were developed in California at the request of grower groups, they were first instituted in those industries in which (1) growers were fairly well organized, (2) the price of their product was closely limited either by law or by market conditions, (3) labor requirements were heavy, and (4) workers were inclined to exploit their advantage over the growers.

As a result, workers have been suspicious of wage ceilings and have wondered whether they were instituted by the Government or by the growers. Organized worker opposition to wage ceilings was especially acute in the asparagus industry. Unorganized resistance generally took the form of moving away from the crop, as happened in the cotton industry in both 1943 and 1944.

The specific ceiling program in the State has had a step-by-step development. The first order was unique in that organized worker opposition had to be met. This situation provided several lessons: (1) ceilings should go into effect before growers had made contracts with workers that were possible at rates above the ceiling level, 7/; (2) wage-ceiling orders must supersede all pre-season contract rates in order to be effective; and (3) roll-backs of wages to less-than-contract rates create worker opposition and work stoppages, hence should be avoided.

7/ At the time the wage ceiling on asparagus cutting was established a number of growers had made contracts to pay rates that were higher than the ceiling rate. This was embarrassing even though it was later decided that the ceiling orders cut across existing contracts.

Equally important lessons were: A local group thoroughly familiar with the industry is needed to pass on requests to pay adjusted rates; quick action is needed to amend an order if some rates in it are out of line with others; and rumors of evasions must be tracked down quickly or the operation of the order will be rendered ineffective. 8/

Some roll-backs have been required in spite of the danger of work stoppages. Wages had been boosted so high in Santa Clara County as to be out of line with rates for the same operation in adjacent counties. The ceiling order of May 22, 1944, rolled the rate for picking cherries back from $1.25 an hour to $1 in this area in spite of the fact that cherries are a very perishable crop. A few workers left their jobs but they usually moved to another farm and worked for ceiling rates. A month later hourly rates in the same county were rolled back to 85 cents for picking apricots. The workers grumbled but there was little trouble. Strict enforcement of the wage ceiling for milkers in the Los Angeles area would have called for a roll-back of wages in many of the smaller dairies. The roll-back was not enforced as that would have caused milkers to leave their jobs which would mean serious losses to the industry.

A significant lesson was learned in connection with several ceilings to the effect that if customs in an industry are not followed, dislocations in the labor force may be created and opposition to the ceiling may develop. It had been customary in the tomato industry to pay pickers at an increased rate for the clean-up picking. Grower committees in some counties tried to hold workers to the ceiling rate for this picking with the result that growers either violated the ceiling in order to get their last tomatoes picked or the workers simply moved on to another crop. 9/ the same result was experienced to an even greater extent in the cotton harvest when the cotton area committee tried to hold the same rate through the first and second pickings. Many workers sat around in their camps rather than do the second picking at the same rate as the first. On the other hand, operation of the ceiling wage for picking raisin grapes was facilitated by following the sliding scale that had been traditional in the industry.

In 1943 wage-ceiling rates for the entire productive area of a crop were made uniform even though rates before the war had been somewhat different. Tomato growers in some counties objected to this and established maximum rates of their own which were lower

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8/ William H. Metzler. Analysis of the Operation of the Wage Ceiling in the Asparagus Industry, Sacramento -San Joaquin Delta, 1943. Bureau of Agricultural Economics, Berkeley, Oct. 1943.

9/ William H. Metzler. Analysis of Operation of the Wage Ceiling for Harvesting Cannery Tomatoes, California, 1943. Bureau of Agricultural Economics, Berkeley, May 1944.

than the official ceiling. They were successful in this because they were well organized and the supply of labor was adequate. In 1944 the State Wage Board established ceilings that followed customary area differences in wage rates. The apricot- and peach-producing areas were divided into three parts each of which had slightly different hourly and piece-rate maximums. These differentials produced a much smoother operation of the ceiling than if the maximums had been the same for all districts.

The Wage Board has had occasion to learn the close relationship between wage rates for one operation, compared with others in the same area. In the raisin-grape harvest in 1943, 48,000 workers turned out to pick Thompson grapes at the ceiling rate of 5 cents a tray, and the harvest was completed in record time. The Thompsons were followed by the Muscats which require only about one-sixth as many workers. But Muscat growers could not find even 8,000 workers who were willing to pick Muscats at this rate. Workers made such smaller wages than they had on the Thompsons and so went elsewhere rather than accept a reduction in earnings. 10/ In the peach harvest the hourly ceiling rate for dry-yard work was 80 cents. The ceiling on cutting peaches permitted earnings of only 65 cents an hour, whereas the ceiling on picking permitted earnings of $1 an hour. This brought a dislocation of the labor force and had to be remedied by granting adjustments, particularly for cutting.

At the outset of the program members of the Wage Board spent much time telling growers that the rates established were maximums rather than the going rates. The growers protested that the rates would become floors as well as ceilings. This has generally been the case. Tomato, growers, however, decided they should be able to harvest their best fields at rates substantially below the ceiling, and did so. This was possible because they were well organized and had an adequate supply of labor. Much depends on whether operators with the best harvest conditions will try to obtain labor at less than ceiling rates. When they make no serious effort the ceiling naturally becomes the going rate.

Potato growers in Kern County posed a new problem for the Wage Board in March 1944. They wanted a ceiling on rates for potato harvesting but asked that an equivalent ceiling be placed on picking Valencia oranges in Tulare County as the two operations drew from the same labor supply and they could not afford to have the orange growers outpay them. Hearings were held among both the potato and the orange growers. The potato producers were eager to have a

10/ William H. Metzler. Analysis of the Operation of the Wage Ceiling on Picking Sun-Dried Raisin Grapes, California, 1943. Bureau of Agricultural Economics, Berkeley, March 1944.

ceiling. The orange growers were willing, but most of them were rather apathetic. Orange growers finally agreed to a ceiling which would expire on July 31, 1944. The orders were issued on the 18th and 20th of April and both ceiling programs worked smoothly.

After Congress required that all ceilings must be requested by a majority of the growers, the first application in the State was made by the orange growers of Tulare County. They wanted a ceiling on the picking of navel oranges similar to the one that had operated so well regarding Valencias in the spring.

There was a good deal of agitation among growers in the spring of 1944 for a wage ceiling on pruning fruit trees and grapevines as this pruning precedes the fruit harvest and tends to establish wage rates for it. No one came forth, however, with a satisfactory piece-rate scale which would apply to all sizes and varieties of trees and vines. In December 1944 fruit growers in San Benito County voted in favor of such a ceiling. The problem of variation in rates according to size of trees was left for a local grower-worker adjustment committee to handle. The maximum rate for pruning a tree was set at 60 cents which had been the prevailing wage for pruning the smaller trees in the area. Growers with larger trees then had to apply to the local committee before they might pay a higher rate. This committee decided upon a comparative rate for each orchard for which an application was made. This method gave the ceiling great flexibility and it worked without difficulty.

The step-by-step development of specific wage ceilings has been an advantage in that a small group of related problems has been handled at a time instead of trying to deal with the intricacies of the entire agricultural wage structure. On the other hand, coordination of the individual ceiling programs still remains to be worked out. This received condiserable attention during the summer of 1944. But on July 1, of that year further development of the specific ceiling program was checked by the requirement that a majority of all growers of a commodity would have to vote for a wage ceiling before it could be instituted. To carry out such a procedure seemed to State Wage Board members to call for more time and personnel than it had at its command.

Table 3.- Estimated acreage, number of operators and workers, and wage bill covered by specific wage ceilings, California 1943 and 1944 1/

Year and crop	Acreage	Operators	Workers at peak	Estimated wage bill
	Acres	Number	Number	Dollars
1943				
Asparagus	63,850	322	8,205	3,595,949
Tomatoes	87,850	2,088	23,865	5,520,000
Raisin grapes	240,487	10,295	48,550	7,152,964
Cotton	278,250	5,044	33,700	11,066,980
Total				27,335,893
1944				
Asparagus	62,800	322	7,140	4,665,961
Hay and flax (Imperial)	192,000	1,400	1,650	1,225,463
Potatoes (Kern)	62,000	700	9,970	1,368,000
Oranges (Valencia)	12,430	1,234	4,645	402,671
Peas	11,100 2/	305	3,175	394,500
Cherries	9,410 2/	3,420	5,675	2,040,000
Hay (Sacramento Valley)	303,000 2/	3/	3,880	1,940,000
Apricots	54,045 2/	13,297	36,100	6,022,000
Lettuce (Santa Maria)	2,500	122	630	460,560
Peaches	73,600 2/	12,933	35,685	5,530,000
Milk	——	1,800	3,000	3,690,000 4/
Potatoes (Tule Lake)	10,500	350	2,300	220,500 5/
Oranges (Navel)	29,480	2,435	6,000	2,033,244
Tomatoes	110,670	2,400	25,345	5,899,500
Raisin grapes	240,487	10,295	31,220	5,381,750
Cotton	304,900	5,100	26,000	10,946,000
Pruning	14,250	450	750	350,141
Total				52,570,290

1/ Sources: Acreage data from California Cooperative Crop Reporting Service and Weekly Farm Labor Reports of the Agricultural Extension Service, number of operators from 1940 Census adjusted slightly to 1943 and 1944 situations, number of workers from Weekly Farm Labor Reports of the Agricultural Extension Service, wage bill computed from production data of California Cooperative Crop Reporting Service times average rate paid for the season as reported by growers, cannery field men, and Farm Labor Office representatives.

Data on acreage, operators, and workers are totals for the industry in the area covered by a wage ceiling, figures in wage bill are for those operations covered by a ceiling.

2/ Data for counties with very small production not included.

3/ Data not available.

4/ Wage bill for last 6 months, 1944, when operations were covered by ceiling order.

5/ Data for operations in California only.

THE GENERAL WAGE REGULATION

The general wage regulation issued on December 9, 1943, involved the principle of wage freezing which War Food Administration officials had shied away from earlier in the year. Its most essential provision was: "No increase shall be made in salary or wage payments to agricultural labor which are $2,400 per annum or more, or which will raise such salary or wage payments to more than $2,400 per annum, without the prior approval of the War Food Administrator." 11/

The measure was met by a storm of criticism from California growers. In areas where farm-wage rates were less than $2,400 a year growers feared the measure would set up a wage-rate goal for workers to strive for. In areas that were undergoing rapid increases in wage rates some growers were already paying above the $2,400 rate, others below. Apparently the measure would freeze rather than cure existing wage inequalities. Farmers who had been paying more than their neighbors for a specific type of work would be afforded a permanent advantage in the labor market.

Immediate problems to be solved by the State Wage Board included the following: (1) the definition of agricultural labor, (2) whether the measure applied to seasonal workers, (3) the hourly and daily equivalent of $2,400 a year, (4) coordination of the measure with existing specific ceilings, (5) method of enforcing the measure.

After several months a workable determination was arrived at as to what constituted agricultural labor as distinguished from packing-shed labor, hauling labor, and other borderline types of activity. 12/ The hourly equivalent of $2,400 a year was established at 85 cents. In the meantime Washington officials had decided that the $2,400 maximum should be interpreted as "at the rate of $2,400 a year" rather than as the total amount that an individual worker earned during a year. The maximum per hour for both seasonal and year-round farm work therefore became 85 cents an hour.

A technical point to be observed in connection with these maximums is that they apply to a particular farm job or operation rather than to an individual worker. If a worker quits a $2,800 job another man can be paid that amount to do the same job without obtaining

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11/ From directive issued Dec. 9, 1943, by Fred M. Vinson, Economic Stabilization Director. Federal Register Document 43-19692.
12/ The perennial problem as to the distinction between farm labor and packing-shed labor has not yet been solved to the satisfaction of growers. They wonder why they have to deal with the War Food Administration on wage rates of field workers and with the War Labor Board on rates paid to workers in their packing sheds. Further refinements in the definition of agricultural labor are yet to be made.

approval. That is still true if he had formerly been employed at $2,100 to do a different job. If a grower paid $1.25 an hour between December 9, 1942, and December 9, 1943 for pruning and 85 cents for irrigating, these constitute his maximums for these lines of work under the general wage regulation. 13/

The problem of perpetuating or adjusting existing differences in wage rates was most perplexing. In a locality where some growers had been able to get pruners at 85 cents an hour others had to pay as much as $1.25 for the same operation. To freeze these rates as maximums would be to place growers who might pay only 85 cents at an enormous disadvantage in the labor market. In the second place, most of the existing specific wage ceilings permitted workers to earn more than 85 cents an hour at piece rates. To reconcile disparities between the two sets of legal maximums would be difficult. In the third place, wage rates for a specific operation differed from one part of the State to another, usually being higher in the vicinity of defense industries. It was hazardous either to perpetuate or to try to tamper with these local rate structures. 14/

Many of the problems of wage differentials were met by the development of specific ceiling orders which superseded the general regulation and were patterned to fit local conditions. Others were handled by the method of granting individual growers the right to pay more than the 85-cent maximum. By October 1944, 364 such requests had been passed on, involving some 23,000 workers.

The maximum rate of 85 cents an hour has tended to establish a standard for specific as well as for general wage ceilings. Piece rates under most specific ceiling orders, however, still permit earnings of approximately $1 an hour, so coordination between the two is not yet complete.

A major problem in connection with the general wage regulation has been to educate growers in regard to it. Specific ceilings have been publicized locally by growers who have wanted such an order enacted. The general regulation, however, was imposed from the outside and called for an extensive educational program to be carried out by a very limited State Wage Board staff. Compliance with the order, therefore, has developed slowly.

13/ A more detailed discussion of the problems involved in the general wage regulation can be found in "Wage Stabilization in Agriculture," by William T. Ham, Journal of Farm Economics, April 1945.
14/ Difficulties associated with the freezing of farm wages were forecast by Varden Fuller in "Should Farm Wages Be Regulated?", a paper presented before the annual meeting of the Western Farm Economics Association in Berkeley, June 25, 1943.

Two procedures suggest themselves in connection with the general wage regulation. First, that it be supplanted gradually by a series of specific ceilings that can be patterned to fit local wage differentials. Then members of the industry involved can be called on to help in publicity, administration, and enforcement. In the meantime, the general regulation will help to keep wages in nonceiling operations under some degree of control.

Second, the general wage regulation itself could be altered to make it more workable. Wage rates might well be frozen at community levels rather than on an individual farm basis. This would involve giving authority to wage-stabilization officials to go into a community and determine the rate that prevailed for specific operations and jobs, either on December 9, 1943, or at the time the survey was made. The rates most commonly paid would then be established as maximums for the area and local farmers would be permitted to pay above them only after proving that their work justified payment at a higher rate. This would avoid the inequalities that exist under the present order, provide local publicity, and reduce the job of enforcement.

STATE WAGE BOARD AND STATE ADMINISTRATIVE STAFF

Administration of the wage-control program in the State has also gone through a step-by-step development. When the importation of Mexican workers was begun in 1942 an agency was needed to hold hearings to determine prevailing wage rates in the areas and in the operations at which Mexican workers were to be employed. This was in fulfillment of our national importation treaty with Mexico which stipulated that the imported workers were to be paid at "prevailing rates." The agency created was known as the State Wage Board. It worked in cooperation with the Farm Security Administration which had charge of the importation program.

The Wage Board was holding meetings in Stockton in regard to prevailing rates for harvesting asparagus, tomatoes, and other crops in the delta area when the question was raised as to whether such rates could not also be determined for domestic workers. These would then constitute the basic local rates of pay. Out of this came the proposal in March 1943 for wage ceilings in the asparagus industry at rates to be ascertained by the State Wage Board.

Assumption of this function produced a major change in the State Wage Board. The task of ascertaining prevailing rates for Mexican workers was given over to the Agricultural Extension Service and the Board concerned itself entirely with stabilization of wage rates. When the asparagus ceiling order was issued the State Wage Board assumed administrative and enforcement responsibilities in addition to its factfinding functions. The chairman of the State Wage Board, Dave Davidson, was also chairman of the State Agricultural Adjustment Agency Committee and the State War Board. He pressed officials of the county Agricultural Adjustment Agency and War Board into service to assist in enforcing the order. Subsequent 1943 wage ceilings were handled by county Agricultural Adjustment Agency staffs under the direction of the State office.

Early in 1944 national officials of the AAA decided that their organization should not engage in wage-ceiling administration and that Mr. Davidson should no longer serve as chairman of the Board. A reorganization of the Board was effected under the leadership of Federal War Food Administration officials and Prof. R. L. Adams, of the University of California staff, was made chairman. Administrative duties of the board were assigned to a special staff under the direction of Roland F. Ballou as State Executive Officer.

The State Wage Board was originally composed of representatives from the various Federal agricultural and manpower agencies in the San Francisco Bay Area, including the Agricultural Adjustment Agency, the War Manpower Commission, the Farm Security Administration, and the Bureau of Agricultural Economics. When the Board was reorganized, in 1944, representatives from the War Labor Board, the Office of Distribution, and the United States Forest Service were added. An attempt was made to obtain representation from State agencies, so members of the University of California staff, the State Department of Agriculture, and the California Farm Production Council were asked to participate. Turn-over of board members has been heavy, partially because some agencies regard work on the Board as a political liability, and partially because members of the Board have full-time jobs on their own staffs and have too little time to participate effectively. By December 1944 the Board was down to four members again.

The make-up of the Board has been challenged by Pacific Coast officials of the CIO who claim that it is purely a grower organization. They indicate that several members of the Board have been farm operators and that all have been on the staffs of public agencies whose contacts

have been entirely with farm operators. They recommend the adoption of a tripartite board instead so that growers, workers, and the public can have equal representation. Wage Board officials indicate, however, that it would be a practical impossibility to find representative farm workers who could attend all meetings of the Board. And, that although labor union officials might be willing to take over the job of representation, they lack the technical background necessary to be very helpful in determining what the ceiling rates for specific agricultural operations should be.

The functions of the Board are to:

(1) Ascertain when the demand for a wage ceiling is strong enough so that one should be instituted.
(2) Determine which operations should be covered by a wage ceiling and recommend a specific ceiling rate for each.
(3) Establish general policies for instituting, administering, and enforcing such ceilings.
(4) Hold hearings to ascertain the facts of the situation in case of persons accused of violating the ceiling.

A body of procedures was developed in order to carry out these functions efficiently. After growers of a crop in an area made a request for a ceiling a general informational and educational meeting was called in the locality to acquaint the growers with methods of wage-ceiling operation and to determine how widespread the demand for a ceiling really was. This was commonly followed by an official hearing at which growers and workers were asked to testify as to their approval or disapproval of a ceiling, the operations that should be covered, and the specific rate for each. Members of the Wage Board used this information together with wage data available elsewhere to ascertain what the ceiling rates should be.

Each specific ceiling order had to be patterned to meet a specific crop situation. The factors considered for each ceiling included: The number of operations to be covered, the customary basis of payment for each of these operations, customary relationships between rates of payment for these operations and price of the product, customary differentials in rate with variety, yield, location, and method of handling, the area to be covered, prevailing wage rates in the area, comparative earnings in competing crops,

stringency of the labor supply, diversity of conditions from one part of the area to another, and nature of the crop — for example, perishability, length of harvest season, and number of pickings required. The schedule of rates decided on was sent to the War Food Administrator in Washington for final approval. At Washington such technical items were observed as: Is this operation within the province of the War Food Administration, the War Labor Board, or the Office of Price Administration? Will such an order conflict with any existing regulations? Have all required procedures in connection with the establishment of a ceiling been observed? Has due consideration been given to the rights of all parties involved?

These procedures were followed until July 1, 1944, at which time the requirement was set up that the State Wage Board must obtain "a request signed by a majority of the producers of the particular commodity in the area affected" before it could recommend the establishment of a wage-ceiling order. 15/ This limitation was added by Congress at the request of growers who were afraid that ceilings might be imposed on their operations in spite of their opposition.

The State executive officer has operated under the supervision of the Board on such administrative details as: Making arrangements for holding of hearings, appointment of field staff to handle local details of wage-ceiling administration, handling of requests to pay adjusted rates both under the specific ceiling order and the general wage regulation.

When local administration of the wage ceilings was in the hands of County Agricultural Adjustment Agency staffs adequate personnel existed to handle all local problems. In 1944, however, half-a-dozen officials had to handle the entire field program in the State. This included answering grower requests for wage-ceiling information, holding meetings of growers to acquaint them with the provisions of a ceiling order, selection of local adjustment committees to handle hardship cases, and investigation of rumors of violations. Although a half-dozen agricultural agencies existed in most counties, room had to be made for another organization. Shortage of personnel meant that most of the responsibility for administration had to be assumed by growers who were members of local adjustment committees. Alert committees sometimes formulated general rules for local wage-ceiling administration and ran down rumors of violations as well as handling their job of passing on requests to pay adjusted rates. Much of the success of the program, therefore, can be attributed to grower cooperation.

15/ Quotation from California Wage Board Memorandum No. 19 issued September 18, 1944.

ADJUSTING WAGE-CEILING RATES TO FIT INDIVIDUAL FARM CONDITIONS

The most difficult problem in connection with the specific wage-ceiling program has been to equalize its impact on individual growers covered by a ceiling. In earlier years it had been common for a man who had a poor crop or poor field conditions to pay more per box or per bale than his neighbors, in order to get workers to work in his field at all. If he still couldn't get the labor he had only himself to blame. The usual wage-ceiling order calls for a flat ceiling rate and the usual experience has been for the grower with the best yield to pay that rate. The man with a poor yield then has had little chance to obtain workers unless he could get permission to pay above the ceiling.

At practically every hearing in regard to instituting a wage ceiling, some growers expressed the fear that they might be unable to harvest their crop because the ceiling rate might keep them from getting workers on equal terms with their neighbors. They were always told, "Those growers on whom the ceiling works a genuine hardship can apply to the State Wage Board for relief." It was this guarantee that melted opposition to the program and built up grower support. In some cases growers exacted a further promise that permission to pay adjusted rates would be granted within 24 hours after the request was made. Otherwise they felt they might lose their workers and be unable to recruit new ones.

An equitable application of specific ceilings, therefore, calls for rate adjustments for one grower as compared with another which will equalize them in the labor market. Otherwise a ceiling will operate to channelize labor to some growers and away from others. This ideal has been achieved in some ceiling orders and has been approached in most of them. In a few cases, however, the more aggressive growers have used wage ceilings to maintain an advantage in obtaining labor.

The question as to who should pass on requests to pay adjusted rates is still being worked out. The original plan was for County War Boards to do this job but it called for more technical knowledge of an industry than their members possessed. The first resort was

to an adjustment committee composed of growers, workers, and processors from within the industry. The committee met once or twice a week and passed on all applications to pay more than the ceiling rate. This procedure worked well in the asparagus industry but was too slow in handling adjustment requests for picking raisin grapes. The most efficient procedure in connection with that ceiling was to have paid adjusters who went out to a grower in response to a telephone call, looked over his vineyard, and told himoon the spot the top rate he could pay. This determination was subject to ratification by the County Adjustment Committee and the State Wage Board. 16/

The make-up and activities of these local adjustment committees have varied from county to county and from one wage-ceiling order to another. There has always been a grower nucleus. County officials, laborers, and representatives of the public have sometimes been members. Commonly, grower members have been selected to represent the different producing areas in the county. Sometimes they have been the most efficient growers and have had little sypmathy with the less efficient who were the most likely to need adjustments. In several counties community committees were established to report local applications for adjustments to the county committee.

Committeemen ordinarily check over the field on which a grower has requested the right to pay adjusted rates to see whether such a payment is justified. Incase of a "flash" crop such as raisin grapes they give him a provisional right to pay the new rate, subject to ratification by the county committee and the State Wage Board. In slower crops the grower waits until after the committee has made its decision.

The number and types of adjustments granted in connection with each ceiling are shown in table 4. Variations in number of adjustments from area to area and crop to crop reflect differences in policies of local adjustment committees as much as they do variability in harvesting conditions.

Members of county adjustment committees found they could easily put themselves out of business either by being too slow in handling requests or by announcing at the beginning of the season that they were going to be "hardboiled" in connection with handling them. In both such cases growers have secretly paid such rates as were necessary to get their crops harvested. Then the administration of the ceiling degenerated into a witch hunt to determine who paid what and to whom.

16/ Practical suggestions for the operation of adjustment procedure are contained in Handbook for State WFA Boards, revised Jan. 15, 1945, War Food Administration, Office of Labor, Washington, D. C.

Table 4.- Number of approvals of requests to pay wage rates above the ceiling, by crops, 1943 and 1944 1/

Year and crop	Operation	Requests granted	Most common basis of request	Average adjustment	Number workers affected	Proportion of workers affected
1943						
Cannery asparagus	Cutting	32	Low yields on prime beds	2/	2/	2/
Raisin grapes	Picking	31	Low earnings on Muscats	—	—	—
Tomatoes	Picking	118	Clean-up, light yield, weeds	—	—	—
Cotton	Picking	30	Clean-up, weedy, light yield	—	—	—
1944						
Asparagus	Packing	36	Extra payment for box making	—	—	—
Asparagus	Cutting	35	Low yields on prime beds	—	—	—
Total, asparagus		71		22¢ per cwt.	300	4.3
Cherries	Picking	11	Light yield, high trees	1-1/3¢ per lb.	400	5.5
Potatoes (Kern)	Digging	1	Light yield, weedy field	1¢ per cwt.	50	.8
Oranges (Valencia)	Picking	68	Large trees, light yield	4¢ per box	500	25.6
Apricots	Cutting	6	Ceiling rate low, small fruit	—	—	—
Apricots	Picking	35	Small fruit, side hill	—	—	—
Total, apricots		41		$2.50 per ton	500	9.3
Hay (Imperial)	Baling	1	(Rate low for some types of	.05 per ton	12	1.2
Hay (Central Cal.)	Baling	10	balers)	.10 per ton	70	3.2
Grapes, raisin	Picking	16	Light crop, grassy fields	1½¢ per tray	600	1.7
Peaches	Cutting	26	Small fruit	—	—	—
Peaches	Picking	476	Hail damage, high trees	—	—	—
Total, peaches		502		$2.13 per ton	5,000	12.1
Tomatoes	Picking	252	Clean-up, light yield, weeds	3½¢ per box	2,500	10.1
Cotton	Picking & snapping	191	Clean-up, weedy, light yield	.25 per cwt.	3,000	8.6
Oranges (Navel)	Picking	424	High trees, light yield	.05 per box	1,500	30.0
Pruning		35	Large trees	18½¢ per tree	75	12.5
Milk	Milking	1	Milkers handle extra duties	$20.00 per mo.	3/	3/
Potatoes (Tule Lake)	Picking	11	Light yields, weedy fields	3½¢ per half-sack	300	25.0
Peas	Picking	2	Light yields	5¢ per hamper	100	1.8
Lemons	Picking	17	Light yields, small fruit	5¢ per box	150	30.0
Total					15,057	6.5

1/ From records in office of California Wage Board. No adjustments made in crops not listed.

2/ No records compiled. Figures cover 1944 only.

3/ No data available.

A common attitude among grower committeemen has been "If we start granting too many adjustments we'll break the ceiling wide open." This attitude has often been sincere. At other times grower committeemen have found reasons to block every request for an adjustment. This gave the appearance of a careful attempt on their part to preserve an advantage in the labor market. Such growers were inclined to block the activities of the committee by laying down general principles that would stop approvals of adjustment requests, such as "No requests should be granted this early in the season; that would start a flood of requests." "No requests should be granted this late in the season as that will affect the rates that will prevail next year." "If we grant one grower in that area an adjustment, they'll all want one. There isn't a good field over there." "To grant adjustments to growers with weedy fields amounts to putting a premium on inefficient farming." "This is a war crop so growers with high yields should have an opportunity to get their crops off first."

A flexible adjustment policy is often as significant for the worker as for the grower. He may have set up a camp in a grower's orchard and may wish to continue to work for him. If he can make more money elsewhere, however, he feels compelled to move. Such situations can be avoided only by adjusting rates so closely from one orchard to another that there is no point in moving. Then the need for shopping around and milling about are reduced to a minimum. Only when adequate adjustments have been made have the ceilings been an unqualified success.

It is obvious that procedures and policies in connection with making adjustments are still in an experimental stage. One aspect of this program that needs more attention is the method of selecting grower members of the adjustment committees. For a county official simply to select one of the more active growers in each producing area in the county is to underestimate the complexity of the problem. It is probable that such growers will not need to pay adjusted rates nor even be considerate of those who do. The committee to pass on requests for adjustments should represent all types of operators in the county—large, small, efficient, inefficient, low-cost, and high-cost. Unanimity of opinion will not be arrived at so easily but decisions will probably be more correct.

Further consideration needs to be given as to whether grower committees should pass om requests for adjustments at all. Participation of this type may build grower support for a ceiling order if the decisions are equitable. If they are not, the result is dissension and hard-feelings. The employment of paid adjusters to call on all growers even before the season, show an interest in their harvest operation, and make such adjustments as are necessary has built support for the program, established a unified basis for making adjustments, and practically eliminated local violations. But it is also a more expensive and less democratic method.

PROBLEM OF OBTAINING WORKER REPRESENTATION

Worker representation is needed at two stages of the wage-control program. First, in the public hearings at which information is obtained in regard to the rates and rules that should be embodied in a wage ceiling order and, second, in committees selected to pass on grower requests to pay above-ceiling rates. Workers have been slow to accept these responsibilities.

This slowness has not been altogether their fault. Public hearings held before the opening of a season provide an advantage to the grower. He has an opportunity to present his side of the wage picture whereas the farm laborers are still busy with other crops and are probably not in the area at all. Nevertheless a serious effort has been made to get farm laborers to attend and testify at these hearings. Almost invariably they have favored a somewhat higher wage than that proposed by the growers. Worker participation at these hearings has increased during the last 2 years and should eventually be effective in helping to establish ceiling rates which will be supported by workers as well as by growers.

The original program provided for all administration to be in the hands of officials of existing Federal agricultural agencies, spearheaded by the Agricultural Adjustment Agency and the County War Boards. It was discovered in the very first ceiling program, however, that only those people who had a first-hand knowledge of an industry could decide whether a grower should be permitted to pay an adjusted rate, and, if so, what that rate should be. So they selected a special committee to pass on adjustments, which was composed of growers, workers, and cannery representatives. This move was highly significant in that it gave administrative responsibility to private parties and tried to divide it evenly between all groups concerned.

Activities of growers, workers, and other private parties charged with administrative authority have given rise to a wide variety of problems. Some growers have been inclined to keep an eye to self-interest in making their decisions. Laborers usually have not realized their opportunity and have failed to attend adjustment committee meetings; when they did, they have failed to participate effectively. There have been only a few exceptions to this rule and they are discussed later.

A special effort has been made to secure worker representation on these committees. Some of these efforts have been sincere, some have been misguided. In the administration of the asparagus order in 1943 several sets of worker representatives were called on but all stayed for only one or two meetings. Labor contractors were called on to represent labor in connection with several ceiling orders but proved to represent the operator rather than the worker. Some committees changed to evening meetings so as not to interfere with the laborer's work day. Others paid the workers for time lost. All these measures were to no avail. The workers failed to put in an appearance after the first meeting or two. This was in spite of the fact that in most operations the worker was able to discriminate between field conditions better than the growers, hence able to state more precisely just what the rate should be on a field or orchard that required payment of an adjusted rate.

This situation was largely overcome in connection with the apricot harvest in the Brentwood area where a worker and a grower committeeman teamed up to decide on adjusted rates. It was overcome to an even greater extent in the upper Sacramento Valley in connection with the peach harvest. Lou Sherrill, wage board representative in this area, tried the experiment of having the workers select their own representatives on the county committees. He called mass meetings of the peach pickers before the season, explained the wage ceiling order to them, and asked them to choose four representatives to serve with four representatives selected by the growers. The chairman of this county adjustment committee was a neutral party, representing the public. On this committee workers were as active as grower members. A worker and a grower were usually paired to go out and check over the orchard belonging to a grower who was asking to pay an adjusted rate. The procedure worked smoothly and gave both growers and workers confidence in the administration of the ceiling order.

Several significant differences are to be noted between the operation of these committees and those in the usual wage ceiling. First, the worker representatives were chosen by the workers and felt a responsibility to their own group. This is in contrast to the usual situation in which some county official invited the worker to be present. Second, labor was represented at the meetings in

equal numbers with the growers and took an equal part in investigating and passing on applications for adjustments. The usual situation was to have a grower-centered committee, all investigating was done by growers who later voted to permit or deny payment of an adjusted rate. After they have done so, one of them may ask the worker member, "Joe, do you think that was right?" More often Joe isn't even asked for his judgment. In the third place, the committee was not managed or dominated by officials of any of the county agricultural agencies. Ordinarily such individuals are so accustomed to rendering service to growers rather than to the public as a whole that other parties to the wage situation do not receive adequate consideration. If a worker member has been invited, this is regarded as a sufficient gesture toward democracy and he is given no real part in the proceedings.

The experience in the upper Sacramento Valley indicated that grower-worker cooperation in administration is possible and that it results in support of the program by both parties involved rather than by just one. In the course of a season or two a number of capable and dependable worker representatives should develop who would probably be selected for service year after year.

Critics of the wage-ceiling program point out that it is a grower program on a problem that involves workers and growers equally and that it is, therefore, partisan and undemocratic. There is much to support this point of view. Members of the State Wage Board and of the State administratioe staff are public officials whose experience and background have been that of rendering efficient service to growers. They have had little or no background in promoting the interests of agricultural workers. They have worked hard to build up contacts with workers but they still have a long way to go before they can deal with them on a basis of mutual effort and understanding.

As long as there is no actual worker representation on the State Wage Board, it would seem to be desirable to have some members on the Board who have not served as public servants to growers, and if possible, some who have been public servants to workers. Then workers would have some members of the Board they could go to in case they felt that a wage-ceiling program was being administered without proper consideration for their interests. Some, but not all, officials connected with the following agencies would qualify for these positions: State Department of Labor, United States Office of Labor, Farm Security

Administration, Farm Labor Office of Agricultural Extension Service, War Manpower Commission. It is doubtful whether such officials would have a bias in favor of labor but they have had more occasion to have contact with labor and to understand its interests and point of view.

VIOLATIONS

Growers who pay above the ceiling rates are subject to two types of penalties. The first can be assessed by the War Food Administrator without a court trial. When the State Wage Board and the Agricultural Solicitor find at a public hearing that a grower has violated the provisions of a wage-ceiling order, this fact, together with all evidence, is submitted to the War Food Administrator. The Administrator then has the authority to notify the Commissioner of Internal Revenue not to allow the grower to make any income-tax deductions for wages paid in those operations which were compensated for at above-ceiling rates. This penalty could be rather severe in case of a large operator.

The second penalty can be assessed by a criminal court on both growers and workers who have violated a ceiling order. It consists of "a fine of not more than $1,000, or imprisonment for not more than one year, or both such fine and imprisonment." It is of less utility than the first as it calls for a regular court trial, hence might be subject to many delays and legal technicalities.

The number of violations has varied widely from one ceiling order to another and from one area to another under the same ceiling. The underlying factor behind all such situations has been lack of cooperation between the growers and the wage-ceiling administration. This lack may properly be blamed in some cases on the growers, and in others on poor administration. Often both parties have been at fault.

More specifically, violations may be traced principally to one of three causes:

(1) Those due to ignorance of or lack of respect for the wage-stabilization program.

(2) Those committed by a few dissident farmers or workers who habitually have been at odds with community and governmental controls.

(3) Those that result from maladministration.

Both growers and workers are highly independent and resent being told by the Government what they can and cannot do. When their cooperation has not been obtained, their attitude is that they "will do as they please until they find out different." Actually the need for rapid action has not allowed time to persuade all growers and workers to give their support to the program. The responsibility of the State Wage Board to educate growers and workers in the need for wage ceilings has been recognized but there has not been enough personnel to perform this and all the other functions connected with the program.

Growers in the foregoing group do not constitute a real problem. They usually are willing to reduce their wage rates, or to file an application to pay above-ceiling rates if that is necessary, when told the purpose of the ceiling program. Workers are less easily convinced. They have had their guard up against exploitation for years and they suspect that wage ceilings may be only a device used by the growers to obtain all the benefits of increased prices of farm products. Therefore, they still try to coerce a grower into paying above-ceiling rates in spite of the law.

The dissident group of growers is not large. Their neighbors generally dislike and fear them as labor pirates. Some have been aggressive in trying to discredit wage-ceiling regulations and boast of how much more they pay than the law allows.

Just why these people are poorly adjusted to the local social order is not within the province of this study. Some are of foreign extraction and have had to fight against odds to establish themselves in America. Others were born in America but were too independent and hard-headed to get along with neighbors.

The worker who resorts to misrepresentation of facts in an effort to obtain higher wages causes serious difficulties in enforcing the wage-ceiling program. He can call on several growers in the hope

of getting a larger pay check and tell each one, "What! Me pick this cotton for $2.25? The operators over on the West Side are paying $2.50 for cotton that picks a bale and a half to the acre." Such an expedition will keep an investigator busy for 2 weeks, first, tracking down the rumors, and then convincing the growers that the reports were without foundation.

The third group of violators is partly a result of maladministration but more largely caused by the lack of administration. Usually the first reaction of a grower toward wage ceilings is a mixture of apprehension and a wish to cooperate. He wants to cooperate with his Government but is afraid that he might get into a jam in regard to labor and be hindered in his harvest operations by the wage ceiling. An ideal administration would quiet this fear by being so active among the growers that they would know that the major purpose of the order was to harvest all crops rather than to interfere with this work. 17/ When a grower hears nothing, however, he tends to become suspicious. If he hears that other people are paying above the ceiling with impunity, he may follow a similar course without checking the authenticity of the report; he cannot afford to take chances on losing his workers. If he hears that neighbor Smith, with a very spotty field, has been denied the right to pay an adjusted wage, he says, "The poor fool shouldn't have asked them. Now what can he do? There are better ways to handle such situations." The grower who has been unjustly refused the right to pay an adjusted wage also studies ways to get around the order.

In California the greatest outbreaks of violations have been caused by refusal of local adjustment committees to grand adjustments to which growers felt they were entitled. These happened in connection with the tomato wage ceiling in San Joaquin County in 1943 and the cotton wage ceiling in 1943 and 1944. Both growers and workers felt they were sustified in violationg these orders.

Wage rollbacks have been responsible for mass violations. This was particularly true in the asparagus industry and in the Los Angeles milk-shed area. Growers were simply afraid to reduce their wages lest they lose their crews.

Rumors of violations are destructive to a wage-ceiling program and need to be checked quickly and persistently. Likewise, known violators should be apprehended and brought up for public hearing. News of enforcement activities, or of the lack of them, spreads rapidly over the countryside and credits respect or disrespect for a ceiling order.

17/ The basic fault here is lack of funds on which to operate effectively. When a situation gets out of hand it is very difficult to bring it under control again.

The usual result when a rumored violation is checked is to find that the charge is wholly without foundation. Some worker has spread a story of high wages in order to bring pressure on some employer to raise his rates. In some cases it is difficult to decide whether a payment is in violation of the ceiling or not. For example, in regard to tomatoes some growers felt that by paying less than the ceiling on the first two pickings they should be able to pay above it for the last, so long as their total payments did not exceed the ceiling rate.

It is difficult to obtain accurate evidence in regard to violations since workers and employers are inclined to stand together, to avoid prosecution. Some growers have recommended the planting of workers in crews that are suspected of violation but this seems to be contrary to standards of fair play, and has not been adopted. Other growers believe that penalties should be assessed against the farm operator only, and then the workers would be less likely to stand by him. This does not seem entirely fair when both grower and worker are parties to the violation.

When investigation indicates that a violation has probably taken place the offender is sent a warning letter by the State Wage Board. He is asked to present evidence as to what actually happened. If the evidence is conclusive that the grower has violated the ceiling, he is requested to appear at a public hearing. The purpose of the hearing is to arrive at a proper understanding of the case rather than to convict the accused party.

In 1943, at such a hearing held in connection with the wage-ceiling on cotton, the grower was represented by legal counsel. The evidence presented indicated there had been no violation of the ceiling.

In the fall and winter of 1944 hearings were held on a number of alleged violation cases and several growers were found to have violated the ceilings. The reaction among growers generally was one of apprehension. They were not well informed in regard to all the ceiling regulations and thought they might be called in for some kind of violation. Rumors floated about to the effect that some operators had been forced into bankruptcy and that innocent third parties had suffered.

The attitude of growers generally is that they want strict compliance but do not want the use of crack-down methods. Farmers regard members of their group as constructive law-abiding members of the community who may, when they make mistakes, be won over by persuasion and friendly coercion, but who should not be tracked down like criminals, threatened, bullied, or otherwise treated with disregard. The need is for a tactful enforcement program but, even more, for a more extensive educational campaign, and for more careful handling of cases that warrant the payment of adjusted rates. Mutual cooperation, with public officials taking the initiative, should practically eliminate the violation problem.

RELATIONSHIP OF WAGE-CEILING PROGRAM TO LABOR-UNION MOVEMENT

Industrialized agriculture in California has led to the growth of a farm-labor group, members of which have small hope of rising to ownership. As a result, labor-capital conflict has become a part of the agricultural system. During the 1930's sporadic farm labor organizations called 140 strikes which involved 127,000 workers. 18/ Organized labor as well as radical reformer groups assisted farm workers to organize for collective bargaining. Eventually the communists and other left-wing extremists were suppressed by organized activity of the growers, but both the A. F. of L. and C. I. O. began movements in the direction of organizing agricultural labor. They are now in the process of organizing milkers, truck drivers, and cannery and packing house workers but say they are not interested in the difficult job of organizing field labor.

California growers have been highly vigilant in trying to keep organized union activities out of agriculture. They have visions of "quickie" strikes at the height of the harvest season which might cause them to lose their entire year's income. They foresee their tractor driver unwilling to lend a hand at picking fruit in the rush season because his union chiefs say "That's not your job." They fear that organized workers will have no regard for the extreme fluctuations in the price of California farm products and in off years may take all the profits and force growers into the bread line. This fear influenced grower relationships to the wage-ceiling program. First, they regard

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18/ Stuart M. Jamieson. Labor Unionism in Agriculture. Ph. D. thesis, University of California, May 1943. A portion of this study has been processed by the Bureau of Agricultural Economics.

the present Federal administration as so friendly to organized labor that it might try to use the wage ceiling as a means of unionizing farm workers. They fear that even if the Federal Government were not a party to the situation, the unions might take advantage of the wage-ceiling procedures in order to organize workers. 19/

As a result of these fears some growers have been very cautious about the extension of rights to workers in the wage-stabilization program. Such growers objected to workers holding mass meetings to select their representatives on local adjustment committees. They claimed it would provide an opportunity for organizers to get in their work. They objected to labor representation on the State Wage Board for the same reason. They have not only been cautious in regard to labor participation on adjustment committees and other phases of the program but have also kept a watchful eye on the activities of the Board itself.

The Board has come into direct contact with organized labor on four occasions. Some 800 of the 6,000 asparagus workers were members of the United Cannery, Agricultural, Packing, and Allied Workers of America, C. I. O. Local No. 7, because of their employment in the Alaska fish canneries during the summer. These asparagus cutters asked union officials to bargain with the Wage Board in regard to ceiling rates for cutting market asparagus in the spring of 1944. The Wage Board accepted neither the scale of rates proposed by the growers nor the scale proposed by the union but determined instead on rates partway between the two and in line with the ceiling rates already in force on harvesting cannery asparagus. Union officials apparently were dissatisfied and criticized the Wage Board and the wage-ceiling program. They accused the Board of being a grower organization and asked instead for an organization that would provide representation to workers as well as the growers.

The second contact with organized labor was in connection with the wage ceiling on dairy employees in the Los Angeles milkshed. Eighty-one of the larger dairies in the area had been unionized yet union officials failed to appear at the hearing called to ascertain the need for a ceiling. The wage ceiling was stated in terms of the union contract. It permitted payment of $10 a month above that. The unions have been given representation on the local adjustment

19/ Fear that unions might use the wage stabilization program to organize farm workers was expressed by farmers in many parts of the United States, even by those in the deep South. The tendency to think in terms of a capital-labor struggle in agriculture evidently has become widespread.

committee and these representatives are regarded as highly capable men. Yet the situation is an unhappy one. Union officials charge that the Milk Producers Labor Council, an employer's organization, instigated the wage-ceiling order so as to block the union in its endeavor to maintain wages at competitive levels with other lines of work in the area. They see the State Wage Board as a producers' agency and ask that control over milkers' wages be returned to the War Labor Board which is so organized that labor as well as the employer can be heard. The unions are planning to increase their membership and then take a more aggressive stand on the matter.

At Santa Maria the Filipino lettuce cutters are organized into an independent union which is sporadically active. In the spring of 1944 lettuce growers asked that the 1943 rate of 26 cents a crate be made the ceiling for 1944 whereas the workers asked for 31 cents. The Wage Board decided on 28 cents as being a fair compromise which still allowed expert Filipino cutters to earn $14 in a 9-hour day. Union members were not satisfied with the rate and called a strike. The strike was ill-timed, as this was the slack period between the spring and fall crops of lettuce. By the time heavy cutting started in August the workers had agreed to work at the ceiling rate.

Conditions in this harvest were typical of those where union activity is involved. The growers were fearful and cautious. They wanted no adjustment committee on which workers could exert constant pressure. They wanted no investigators who might "stir the workers up." The workers, on the other hand, were resentful and sought to find ways around the ceiling. They asked for extra pay for the crew boss, a higher rate during the rainy season, and for second cutting -- the same kind of small leverages used against the asparagus and Los Angeles milkshed ceilings.

Other contacts of the Board with labor unions have been less direct. San Francisco dairymen united with the Dairy and Creamery Employees Union No. 304, to which their workers belonged, to ask the Wage Board for an increase in their wage scale. It was decided that increases would have to be handled on the basis of individual applications from dairymen rather than on a group basis.

Organization of workers in the citrus packing houses in Tulare County was going on during the operation of the wage ceiling on orange picking in the fall of 1944. The UCAPAWA had just won the right to have an election held in each shed to decide whether the union should have the sole right of bargaining for the workers. Orange pickers were in close enough contact to be affected by the elections and increased their demands on the growers and on the local adjustment committee.

The question of the relationship of wage ceilings to unionization of farm workers calls for a good deal of unbiased consideration. There is already strong evidence that properly administered wage ceilings tend to reduce the influence of extremists on both sides of the labor controversy and to give greater prominence to those who have a more judicial point of view. So far as this result can be attained it should help to alleviate both the militant anti-unionism and aggressive pro-unionism that exist in the State.

In fact, the wage-ceiling program might be able to substitute wage determination by mutual agreement in place of the conflict over wage rates that has existed in many farm industries in California in the past. The issue of unionization becomes much less if wage rates are to be ascertained by mutual action.

RELATIONSHIP OF GROWER GROUPS TO WAGE-CEILING PROGRAM

Organized grower groups in the State have reacted in a variety of ways to the wage-stabilization program. The spedific ceiling program was inaugurated by a grower group, the California Asparagus Growers Association, and it met the needs of this industry very directly. Without question, the wage order in the asparagus industry had to meet heavier worker opposition than any other. The outstanding success achieved was due largely to the active cooperation given by officials of the asparagus association.

Similar assistance was rendered by organized growers of tomatoes, oranges, potatoes, raisin grapes, and other commodities. Such groups were active in applying for and building sentiment in favor of wage ceilings in their industry. They helped to supply data for the

determination of maximum rates and to outline the provisions needed in a wage-ceiling order. Then they followed through by publicizing the terms of the order to growers in the industry, and by assisting in administration and enforcement.

There was a tendency in some cases for grower groups to regard wage ceilings simply as a device for adding Government sanctions to the established grower practice of establishing common wage rates at the beginning of the harvest season. In such cases the State Wage Board had to be on the alert to maintain the public character of the program and to keep from being used by growers as a means of fighting their wage battles. Pressure exerted on the Board, either to obtain a specified ceiling rate, or to obtain commitment to a particular administrative procedure, was at times severe.

Outstanding example of the latter was the pressure put on the Board in 1943 by representatives of the cotton industry. They wanted governmental sanction of the $2-a-hundred rate on picking cotton, agreed on at a preseason meeting of growers, together with the privilege of administering the program themselves. The requests were accompanied by great pressure for their adoption. This group of cotton growers was permitted to lay down most of the policies for administering the ceiling. As a result, workers got the impression that the ceiling order was a collusive agreement between the growers and the War Food Administration. 20/

Some grower groups have been extremely cautious about endorsing the wage-ceiling program. Response of officials of such organizations has often been, "This is a marketing organization and we have nothing to do with farm labor." But they usually were quick to pass on any critical remarks they heard in regard to the operation of the program. Such officials accurately reflected the skeptical attitude held by many farmers in regard to wage ceilings. Such people were usually obsessed by a deep-seated fear that any governmental interference in private business would eventually lead to a regimented economy. They may be expected to ask for the discontinuance of the program as soon as the supply of labor becomes plentiful enough that wages can again be set by grower action.

The existence of such attitudes has been helpful, on the whole, to the wage stabilization program. Officials in charge of it have had a large degree of authority in regard to wages and employment, and critics have been needed who could speak out loudly enough to check any mistakes or abuses.

20/ Worker blame actually was placed on the Associated Farmers and the Office of Price Administration, though neither of these organizations was directly concerned in the situation.

Executives of the State Farm Bureau Federation watched the development of the program with a careful eye. Frequent meetings were held with the State Wage Board to discuss problems of policy and to express grower reactions in regard to what was being done. Federation officials were active both in securing a reinterpretation of the general wage regulations so they would fit California conditions and in insisting on a centralization of responsibility for the program so that growers would know to whom to point the finger for errors made. In general, their efforts have been in the direction of ceilings initiated by action of the growers rather than by imposition from the outside. Most of their policies reflect concern in regard to the growth of governmental control over the agricultural industry.

COORDINATION WITH OTHER GOVERNMENT PROGRAMS

During the war, Federal price, wage, and labor programs were initiated rather rapidly in response to immediate problems and it has been difficult to keep them from conflicting with each other. The task of coordinating them has involved two lines of activity — determination of respective field of jurisdiction and a synchronization of activities in each industry and locality.

The major problems of jurisdiction have occurred with the War Labor Board and the Office of Price Administration. The War Labor Board has jurisdiction over wages paid to industrial workers; the War Food Administration, over those paid to farm laborers; and the Office of Price Administration, over fees, commissions, prices, and profits. The problem as between the War Labor Board and the War Food Administration has been most complex in relation to workers in packing sheds. It is clear that commercial packing sheds are industrial plants, hence, subject to War Labor Board rulings. In a number of agricultural enterprises, however, growers have their own processing sheds and these have commonly been regarded as part of the farm operation.

A more careful scrutiny of these plants has revealed several lines of difference. Asparagus is usually packed in sheds operated by the farmer and located on his farm. The operation is entirely incidental to his function of producing asparagus for the market of for the cannery. The same is usually true of cutting and drying apricots and peaches. Some apricot and peach growers, however, buy

fruit and process it in their sheds, or dry a neighbor's fruit on a fee basis thus combining farm and commercial operations. On the other hand, the packing of cherries, oranges, and lettuce, and the sorting and packing of potatoes are commonly done off the farm and are almost purely processing operations. Sometimes they are done by a farm operator but more frequently by a buyer and professional processor.

The issue is further complicated by the fact that the War Labor Board exercises little control over plants that have fewer than eight employees while the War Food Administration is under no such restriction. 21/

A similar problem arose in connection with hauling labor and the decision has generally been that workers who haul on the ranch exclusively are subject to War Food Administration control, but those who haul to cars or processing plants located off the ranch, are under War Labor Board administration.

Farmers do not appreciate these jurisdictional niceties. They would prefer to be able to go to one governmental agency to handle all their wage-rate problems.

In numerous California crops the workers do not work directly for the grower but for a contractor who has agreed to perform a given operation for the grower at a stated price. The grower has passed the job of looking for workers and supervising them to the contractor. Ordinarily, the contractor is to receive a stated fee per box or hundred pounds for performing these functions. If control over wage rates and bidding for labor is to be complete the fees payable to contractors should be subject to ceiling rates. Otherwise, growers would bid for contractors and set up an even more vicious practice than the bidding for individual workers.

It has been ruled that these contractors are actually business-men rather than laborers and therefore come under the jurisdiction of the Office of Price Administration. As yet the Office of Price Administration has only placed one ceiling on the fees to be paid to contractors — that is to those who perform cutsom hay bailng. In

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21/ The War Labor Board exercises no control over wages in plants with less than 8 employees unless it finds that control in a particular plant is absolutely necessary to effectuate its stabilization program. This is infrequent.

this ceiling the Office of Price Administration followed the rates previously established by the War Food Administration for farm laborers. More cooperation of this kind would strengthen the entire wage-control program.

Ceiling rates established by the War Labor Board, the War Food Administration, and the Office of Price Administration in the same area or in the same industry affect each other directly. State Wage Board officials had to set ceiling rates on picking apricots and peaches so as to match those on cannery labor previously established by the War Labor Board: otherwise they would have upset the balance between the number of workers engaged in the two related operations. Determination of ceiling rates in the Klamath Falls-Tule Lake potato harvest was especially difficult: War Labor Board ceiling rates in the potato-sorting sheds were approximately 90 cents an hour but had not been enforced. Other labor in the area had been getting from $1.25 to $1.50 an hour, consequently, shed operators had to pay from $1.50 to $1.75 an hour in order to obtain labor. Oregon-California Wage Board officials finally set hourly rates in the field at $1.25 an hour and put pressure on the War Labor Board to establish and enforce shed rates at a corresponding level.

Coordination of wage ceilings and price ceilings has not received as much attention as it deserved. Outstanding illustration is in the grape industry. In 1943 a War Food Administration support price of $155 a ton was established for Thompson Seedless raisins, an equivalent of $38.75 per fresh ton. This was followed by Office of Price Administration ceilings on table grapes and on wine which permitted payment of from $90 to $100 a fresh ton. The raisin growers asked for and were given a rather generous wage ceiling on picking raisin grapes. Growers of table and wine grapes, however, were in a so much more advantageous position in the labor market that they did not wish to have their hands tied by a ceiling order. They were free through the season, therefore, to bid labor away from crops under closer price and wage ceilings, raisin grapes and tomatoes, for instance.

This was provocative of further trouble in 1944. Raisin growers asked for and received an increase in their price ceiling. This was established at $185 a ton, an increase of approximately 16 percent. Grape cutters then asked that they be given an equivalent

raise. This was refused on the grounds that their earnings at ceiling rates were already above those in most other lines of work in the area and that still higher rates would have had a spiraling effect on wages in these other operations. The refusal however antagonized the workers and they created a great deal of trouble in the enforcement of the wage-ceiling order.

In most agricultural industries an attempt was made to adjust wage ceilings to price ceilings in such a way as to provide a fair return both to growers and workers. Outstanding illustration of such coordination is found in the canning-tomato industry. Officials of the Central California Cannery Tomato Growers' Association presented figures on costs of production and on wage rates that could be paid at given price levels. These were closely followed, both by the Office of Price Administration authorities and the State Wage Board, and the resulting price and wage ceilings were continued through 1944 and 1945.

The problem of coordinating wage-ceiling activities with the farm-labor activities of the Agricultural Exentsion Service has been complex. The grant of funds to the Agricultural Extension Service to carry on farm-placement work stated specifically that "No part of the funds appropriated...shall be used directly or indirectly to fix, regulate, or impose maximum wages." 22/ Consequently, members of the farm labor staff of the Extension Service felt that they could not serve on the State Wage Board nor work closely with the wage-stabilization program.

Farm Labor Offices of the Agricultural Extension Service were engaged in the actual job of placing farm workers on jobs. Thus they had first-hand sources of information in regard to labor supply, wage rates, and methods of operation. Their participation in the stabilization program at both State and county levels would have been invaluable.

This policy created difficulties in each of the counties in which wage ceilings were in effect. The local Farm Labor Office manager was confronted with the problem as to his relationship to the wage-ceiling orders. His reaction varied from county to county. In a few counties the manager told growers, "You are offering to pay wages above ceiling rates. We can't take any orders on such a basis. We are trying to cooperate with the farmer and he should cooperate with

22/ Public Law 45, 78th Congress, Chapter 82, 1st Session , Sec. 4b.

the United States Department of Agriculture by abiding by the wage ceilings." Other managers took all requests for workers regardless of whether the wages offered were above the ceiling or not. Their defense was, "Our instructions from the County Farm Advisor are that we have nothing whatsoever to do with wages." The most common practice was for the manager to take the farmer's order and if the wages offered were above ceiling rates, to remind him of that fact. He filled the order, however, irrespective of the wage rate. In some cases this meant supplying some farmers with workers at above-ceiling rates while others who were trying to stay within the ceiling were unable to get sufficient labor.

In counties in which there was close cooperation between the Extension Service and the State Wage Board, each Farm Labor Office was notified immediately in regard to farmers who had been granted the right to pay rates above the ceiling. In such counties, too, the Extension Service was likely to put on a campaign to inform farmers of the provisions of the wage ceilings and the method of applying for the right to pay adjusted rates. Further cooperation of this kind would be highly profitable to the stabilization program.

At the county level, the manager of the Farm Labor Office had the best information as to labor needs, labor supply, and ability of specific operators to obtain farm labor at ceiling rates. Yet he was prevented by law from participating in the activities of the local adjustment committees. He also felt somewhat insecure in regard to passing on information obtained by his fieldmen in regard to farmers who needed adjustments or farmers who were paying above the ceiling.

In spite of the law which separated the functions of these two agencies so drastically, they have had a common job to do — to get the crops harvested, and that has gradually brought them closer together. The ideal arrangement would appear to be for one of the two agencies to handle all farm-labor activities. It would save funds and manpower and permit a more adequate service to be rendered. Short of that, it might be desirable, first, to have members of the Farm Labor Office staff participate in Wage Board and Wage Adjustment committee meetings, second, to have Farm Labor Office officials cooperate in enforcing the ceilings, and third, to have the Agricultural Extension staff assist directly in educating farmers as to the wage ceilings on their operations.

Furthermore, the operation of the wage-stabilization program has been continuously facilitated by the placement activities of the Farm Labor Offices. A careful distribution of the available labor supply, together with the elimination of time lost in hunting for jobs, probably has done as much for wage stabilization as the wage-ceiling program itself. The importation program has also generally been so managed that farmers were able to meet the needs of peak seasons without having to resort to labor pirating.

The work of determining the rates to be paid to imported Mexican workers was given over to the Extension Service in 1943. County farm advisors held local hearings, as needed, to ascertain prevailing hourly and piece rates in the operations to be done by the importees. The State Wage Board held hearings in regard to wage maximums to be paid to domestic workers. It has been nip-and-tuck to keep the two sets of rates coordinated with each other. Gradually, however, the rates established as ceilings have also been paid to the Mexican nationals. This has provided them with a distinct wage advantage as the grower has also had to furnish them with definite minimums of housing, medical care, and working conditions.

WAGES, PRICES, AND EARNINGS UNDER THE WAGE-CEILING PROGRAM

The State Wage Board is decidedly "on the spot" in establishing ceiling rates. If these rates appear to be somewhat high, growers protest that the ceiling program is actually raising rates rather than stabilizing them. If they are low, workers object, claiming that the Wage Board is helping the growers to take all the gains arising from the increase in price of farm products. Actually there is a danger that wage ceilings may hold a worker's income constant while permitting grower profits to soar without limitation. That result would be an entirely inequitable application of the control principles.

Existing data regarding wage rates are hardly adequate to permit the making of valid comparisons between increases in prices of farm products and in farm wages. Operations for which data are most

adequate are listed in table 5. They indicate, in general, that farm workers under wage ceilings have obtained a somewhat higher proportion of the total farm income than in the years just prior to the ceilings. But those crops in which the ratios are definitely out of line with those that existed in 1941 and 1942 — asparagus and Santa Maria lettuce — the wage increases had been forced by worker action just before the enactment of a ceiling order.

Farm operators sometimes protested that the wages permitted by wage ceilings allowed the workers to get away with most of the profits. In only one industry, however, were wage rates so high that growers seriously questioned whether it would pay them to harvest their crops. This was in the asparagus industry in the San Joaquin delta. The price of their product eventually rose above the Government support price level and eased the situation.

Some people might question whether the proportion paid to workers before 1943 was as high as it should have been. Proportions established in years of farm-labor surpluses might not be a true guide to the ratios to be followed in years of labor scarcity. Data on this point are not available. Wage Board officials found it more desirable to continue existing wage relationships than to try to inaugurate new ones.

Agricultural economists would also point out that the simple ratio between wage rates and the price received by the farmer for his product is not an adequate measure of the rate that should be paid. The farmer has many other costs, some of which may move up and down more rapidly than wages, while others will remain relatively fixed. Actually a farmer's ability to pay wages varies considerably with yield per acre. To take an illustration from the raisin-grape industry: "A", a careful farmer obtains a yield of 2 tons of raisin grapes per acre while "B", a marginal farmer, gets only one. As estimated by R. L. Adams, at 1943 prices "A" would make a profit of $68.11 per ton while "B" would only make $33.18. 23/ Hence annual changes in wage rates might well be calculated on the basis of average yield as well as price of the product. Not until all such items are ascertained can a fair rate of wage payment be calculated. Adequate data for such precise wage determinations are gradually being collected and should eventually be ready for use.

23/ R. L. Adams, Supplement to Farm Management Crop Manual. Univ. of California Press, 1943.

Table 5.- Ratio between prices received by growers and wage rate for picking for selected crops and operations under wage ceilings, California, 1941, 1942, 1943, and 1944 1/

Crop and year	Price		Wage rate for picking	Percent wage is of price received by grower
Asparagus, white 2/	Per ton		Per cwt.	Percent
1941	$106.55		$ 1.00	22.0
1942	118.15		1.50	27.1
1943	151.29		2.75 3/	39.3 3/
1944	153.29		2.75 3/	39.3 3/
Tomatoes, cannery 4/	Per ton		Per 50-lb. box	
1941	14.00		.10	28.6
1942	18.50		.12	25.9
1943	25.00		.16 3/	25.6 3/
1944	25.00		.16 3/	25.6 3/
Raisin grapes 5/	Per dry ton		Per 22-lb. tray	
1941	85.50		.02	8.3
1942	113.00		.043	13.8
1943	163.00		.05 3/	11.2 3/
1944	192.00 3/		.05 3/	9.5 3/
Cotton 6/	Per lb. lint (Cents)	Per ton seed	Per cwt.	
1941	17.2	$50.62	1.30	17.0
1942	19.2	46.50	1.90	23.1
1943	20.3	49.50	2.21 3/	25.2 3/
1944	21.7	54.00	2.30 3/	24.5 3/
Potatoes, Kern Co.	Per bushel		Per 100-lb. sack	
1941	.64		— 7/	4.9
1942	1.20		—	4.1
1943	1.45		.12	5.0
1944	1.40		.12 3/	5.1 3/

(Continued)

Table 5.- Continued

Crop and year	Price	Wage rate for picking	Percent wage is of price received by grower
Oranges, Valencia, Tulare Co. 8/	Per packed-out box	Per field box	Percent
1941	$ 1.99	$ .06	4.5
1942	2.97	.07	3.5
1943	3.03	.14	6.9
1944	3.27	.15 3/	6.9 3/
Peas, fresh market	Per hamper	Per hamper 9/	
1941	1.75	.27	15.4
1942	1.85	.45	24.3
1943	2.85	.65	22.8
1944	2.46	.65 3/	26.4 3/
Cherries	Per ton	Per lb. 10/	
1941	127.00	.01½	23.6
1942	148.00	.02	27.0
1943	270.00	.04	29.6
1944	299.00	.04 3/	26.8 3/
Apricots	Per ton	Per ton 9/	
1941	46.00	5.00	11.0
1942	70.00	9.50	13.6
1943	116.00	12.00	10.4
1944	104.00	13.00 3/	12.5 3/
Lettuce, Santa Maria	Per crate	Per crate	
1941	2.00	.15	7.5
1942	3.60	.18	5.0
1943	3.05	.24	7.9
1944	2.35	.28 3/	11.9 3/
Peaches, canning	Per ton	Per ton	
1941	47.10	3.50	7.5
1942	58.60	4.50	7.7
1943	64.90	6.00	9.2
1944	61.80	6.00 3/	9.7 3/

(Continued)

Table 5.- Continued

Crop and year	Price	Wage rate for picking	Percent wage is of price received by grower
Oranges, Navel,	Per packed box	Per field box	Percent
Tulare Co.			
1941	$ 1.05	$ .075	10.7
1942	2.62	.15	8.6
1943	2.47	.16	9.7
1944	2.66	.17 3/	10.0 3/
Potatoes, Tule Lake	Per bushel	Per half sack	
1941	.97	.03	3.1
1942	1.41	---	---
1943	1.47	.05	3.4
1944	1.48	.05 3/	3.4 3/
Milk, market,	Per cwt.	Per month	
Los Angeles			
1941	2.30	155.00	26.4
1942	2.85	215.00	29.8
1943	3.40	220.00	25.6
1944	3.60	267.00 3/	23.0 3/

1/ Price data from California Cooperative Crop Reporting Service; 1944 figures are preliminary. Wage data compiled from weekly wage figures as ascertained by the Farm Placement Division of the Agricultural Extension Service.

2/ Figures are for No. 1 white cannery asparagus. Cutting rate is for prime beds. Cost on nonprime beds is approximately 20 percent higher.

3/ Wage rates and percentage of price figures which obtained under wage ceiling program.

4/ Figures are for round tomatoes picked for cannery. Picking rate for 1943 and 1944 figured at 1 cent below the ceiling.

(Continued)

Table 5.- Continued

5/ Figures are for Thompson seedless grapes with yield of 500 22-lb. trays per unit of 500 vines.

6/ Seed cotton figured at 35 percent lint, 65 percent seed. Picking figure is estimated average for the season.

7/ Figured at hour rates in 1941 and 1942.

8/ Picking rates quite variable both before and after ceiling. Two packed-out boxes figured as equivalent to 3 field boxes.

9/ Picking rates quite variable with area, so wage data are from heaviest producing sections.

10/ Data from Bureau of Agricultural Economics, Agricultural Prices.

11/ Wage rate is for a "standard job" of a machine milker drawing an average of 1,900 pounds of milk per day.

Table 6.- Estimated performance and earnings per day for selected operations at wage ceiling rates

Crop and operation	Average output per man-day of 9 hours	Earnings per man-day at ceiling rates
Asparagus		
Cutting white	460 lbs. 1/	$ 13.80 2/
Cutting green	410 lbs. 1/	14.35 2/
Tomatoes		
Picking round	50 boxes 3/ (50 lbs.)	9.00
Raisin grapes		
Picking Thompsons	200 trays 3/	10.00

(Continued)

Table 6.- Continued

Crop and operation	Average output per man-day of 9 hours	Earnings per man-day at ceiling rates
Lettuce, Santa Maria		
Dry-packing	50 crates 1/	$ 14.00 5/
Dairy		
Milking	----	9.43

1/ Figures on performance and earnings taken from Bureau of Agricultural Economics studies on hours, performance, and earnings, conducted in the spring of 1945.

2/ Figured at 50 percent prime and 50 percent nonprime rates. Average earnings relate to Filipino cutters. Mexican Nationals cutting green asparagus averaged 259 lbs. per 9-hour day and earned $9.06.

3/ Compiled from estimates made by labor contractors and by field men from Farm Labor Offices, the State Wage Board, canneries, and packing houses.

4/ This estimate made by the Farm Labor Committee of Tulare County.

5/ Average is for Filipino crews in cutting dry-pack lettuce in Imperial County. From "Wages and Wage Rates of Seasonal Farm Workers in Maricopa County, Arizona, and Imperial County, California, February-March 1945." Bureau of Agricultural Economics, Washington, D. C.

Table 6.- Continued

Crop and operation	Average output per man-day of 9 hours	Earnings per man-day at ceiling rates
Cotton		
First picking	250 lbs. 4/	$ 6.75
Second picking	200 lbs.	4.50
Snapping	350 lbs.	5.25
Cherries		
Picking	234 lbs. 1/	9.13
Potatoes		
Picking, Kern County	7,380 lbs. 1/	8.56
Picking, Tule Lake	8,910 lbs.	8.66
Oranges, Tulare County		
Picking, Valencias	60 boxes 1/	9.00
Picking, Navels	50 boxes	7.50
Lemons, Tulare County		
Picking	29 boxes 1/	8.85
Peas		
Picking	12 hampers 1/	7.42
Apricots		
Picking	1,500 lbs. 3/	10.00
Cutting	750 lbs. 3/	6.00
Peaches		
Picking	3,600 lbs. 1/	10.80
Cutting	1,600 lbs. 1/	5.60

(Continued)

Precise data on performance and earnings of workers as affected by yield, season of the year, and other factors are still incomplete. The data in table 6, however, convey an idea of the relative earnings per man-day at wage-ceiling rates. Earnings generally were in the neighborhood of $1 an hour. Expert Filipino workers in asparagus and lettuce were usually able to make more than this amount while workers who cut apricots or peaches or who picked cotton made considerably less. The latter operations are customarily performed by women and children, or by family groups, however, and are less well paid than those operations which require adult male workers.

Differences in earnings from one agricultural operation to another are largely due to the fact that ceiling rates were calculated primarily on an industry basis. Hence, they represent differences that have been customary in farm-wage rates in the State for a long time. One exception is found in regard to asparagus. Cutters were able to obtain high rates in this industry before wage controls were instituted.

In some industries, such as raisin grapes, growers have always felt that they must pay wages slightly higher than those paid by other farmers in order to get their crops out of the way before the fall rains set in. Producers of perishable crops have generally been inclined to pay some wage premium in order to attract labor to their crop. Cotton growers, on the other hand, have several months in which to pick their crop and have waited for labor until after the high-wage crops have been harvested. The Wage Board has followed existing customs rather than trying for an equalization of earnings.

The rise in wage rates in California during the war is too complex a process to permit of hasty generalizations. As indicated in table 1, the rise was spearheaded by shipbuilding and other war industries which had to pay premium wages in order to get the laborers they needed. Earnings in the manufacturing industries in the State rose from an average of 75 cents an hour in March 1940 to $1.21 in March 1943, or 61 percent. During the next 2 years the rise was to $1.24 (table 7). Doubtless the leveling off of wages in manufacturing had some effect on wage rates in all other industries in the State.

Table 7.- Average earnings per hour and per day with particular reference to nonagricultural employment, California, March 1945 1/

Industry	Average earnings: Per hour	Average earnings: Per day 2/	Average hours per day 2/
	Dols.	Dols.	Hours
All manufacturing	1.24	9.31	7.5
Shipbuilding	1.43 3/	10.91	7.6
Aircraft	1.22	9.38	7.7
Iron and steel products	1.25	9.70	7.7
Lumber and timber	1.13 3/	8.09	7.1
Canning and preserving	.94	6.16	6.5
Dairy products	.94	6.87	7.3
Meat products	1.09	8.56	7.9
Nonmanufacturing			
Petroleum production	1.27 3/	9.99	7.8
Motion picture production	1.67	11.62	6.9
Water, light, and power	1.15 3/	8.77	7.7
Trade, wholesale	1.14	8.16	7.1
Trade, retail	.86	5.44	6.5
Street car and bus operation	.98	8.22	8.4
Cleaning, laundering	.82	5.74	7.0
Hotels	.67	4.86	6.9
Agriculture			
Hourly rates	.77 4/	6.93	9.0

1/ Data on manufacturing and nonmanufacturing wages from California Department of Industrial Relations, Division of Labor Statistics and Law Enforcement, Labor Statistics Bulletin, 1945.

2/ Daily earnings and average hours per day in nonagricultural industries computed from weekly earnings and hours, assuming a six-day week.

3/ Wages in shipbuilding, lumber, petroleum, and water, light, and power had started to decline before March 1945. Peak hourly earnings had been as follows: shipbuilding $1.47, lumber $1.20, petroleum $1.29, water, light, and power $1.20.

4/ Figure is for hourly rates only. Earnings at piece rates would be somewhat higher. Data from Weekly Farm Labor Reports compiled by the California Agricultural Extension Service.

The tendency of farm wages apparently was to move toward the same level as those in other lines of work. In the 3 years preceding March 1943 the general level of farm wages doubled. In March 1940 the average hourly wage for various parts of the State ranged from 30 to 35 cents. In March 1943 there was less uniformity in hourly farm wages from one part of the State to another. By that time they had risen to 90 cents an hour in the San Francisco bay region and were still 50 cents an hour in the extreme southern part of the State. Increases were greatest in areas close to war industries and where there was the highest percentage of highly perishable crops. Farm wages continued to rise after the wage stabilization program was inaugurated but the increase was less rapid. In 2 years the average increase in hourly wage rates was approximately 15 cents, increases varying from 0 to 20 cents an hour from one part of the State to another. By March 1945 there was an easing of the labor supply due largely to completion of shipbuilding and aircraft contracts. Since then, wages in manufacturing have declined slightly and those in agriculture have no longer tended to rise.

The fact that wage rates in manufacturing appeared to workers to be higher than those in agriculture made the farm-wage control program more difficult. If workers didn't like a particular ceiling rate they might move to the shipyards. 24/ Once there, they had difficulty in obtaining a release to reenter agriculture.

FUNCTIONS AND LIMITATIONS OF WAGE CEILINGS

The most apparent function of wage ceilings is to stop the upward spiraling of wage rates. Spiraling occurs when, during a scarcity of labor, either employers bid against each other for the existing supply or workers use pressure to increase their wages as much as they can. A wage ceiling sets an arbitrary limit above which wage bargaining is not supposed to go. If wage offerings go above this point, the bargaining is kept highly secret and the tendency toward spiraling is almost wholly nullified.

The circumstances that a wage ceiling overcomes are partly psychological. Growers are afraid they will be unable to get enough labor to harvest their crops. In their anxiety they overstep their scruples against pirating workers away from their neighbors. Workers, on the other hand, commonly feel that they

24/ Movement of workers between agriculture and the defense industries was complicated by other factors than wage rates. Especially important were exemption from military service, liability for withholding tax, and job freezing.

have been underpaid in the past so they put as much pressure on their employers as the situation will bear. Wage-ceiling protection is chiefly against the overanxious grower and the "agitating" worker. Both were active in California in 1942 and 1943.

An equally important function of wage ceilings is to obtain a more complete use of the existing labor supply. A situation of an upward spiraling of wage rates causes workers to lose a lot of time shopping around for offers of higher pay. As they quit, growers spend valuable time looking for new crews. Wage ceilings eliminate much of this wasted motion, especially if they are so managed as to equalize earnings from one orchard or field to another.

Wage ceilings serve to divide the gains from increased prices for farm products between the growers and workers. This function is incidental but both growers and workers have realized its importance. Cotton and tomato producers were especially concerned that wage-ceiling rates should reflect the long-time relationship between prices of the product and harvest wage rates.

Both workers and growers in California think in terms of a direct relationship between wage rates and the price the grower receives for his product. When the price of a product advances 10 percent, workers figure that the picking rate should also advance 10 percent. They are also willing to take a proportionate cut when the price of the commodity goes down. They resent any deviation from this principle. In 1944 the Government prices on both raisin grapes and cotton were raised without a corresponding raise in wage-ceiling rates. Many farm laborers thought this meant that the Government was against them.

In fact, the customary tie-up between wages and prices in California has been violently disturbed by governmental price policies. Prices on such farm products as milk, tomatoes, and sugar beets have been kept at fairly low levels while those on less "essential" crops such as lettuce, melons, table and wine grapes, have been permitted to soar. Producers of the latter crops have resisted wage ceilings for their operations. They preferred to be free to pay any amount necessary to get a supply of labor. On the other hand, wage rates for their operations have been kept low by the wage controls in the more essential crops. Growers and workers in the more controlled crops have generally felt that this double advantage was unfair.

Real wage stabilization would seem to require that wage ceilings should equalize average hourly earnings as between jobs and as between industries, or, better, that it should graduate earnings according to skill required, difficulty of the work, and other selective factors. In California, however, wage ceilings have been adopted in a piecemeal fashion and the earnings that can be made are considerably higher under one ceiling than under another. This has reacted against only one industry, cotton, up to the present, but might produce a dislocating effect over a period of time.

Up to the present, such dislocations of the labor force as have been occasioned have been chiefly between one operation and another within the industry itself. In the peach harvest, earnings at ceiling rates for picking were so much better than for cutting that it was almost impossible to get women to do the cutting. Likewise, earnings for picking Thompson grapes were so good in 1943 that it was difficult to obtain hourly workers to do their jobs on the farm, and it was almost impossible to get people to pick Muscats.

The ceiling, as a method of wage control, has rather definite limitations. If the rate is set somewhat high, it provided an incentive toward wage increases up to the ceiling level. Except in the tomato harvest, ceiling rates have generally become the going rates. If ceiling rates are set somewhat low, a large proportion of the growers will have to apply for permission to pay adjusted rates. This places a heavy responsibility on the grower committeemen who have charge over checking applications for adjustments. In 1944 the State Wage Board operated with an understanding that they were determining actual rates rather than ceilings, and this prevented numerous complications.

When wage ceilings have sometimes run counter to the customs of an industry, they have benefit confusion. In the cotton industry in California, for example, the custom has always been to pay from 25 to 50 cents a hundred pounds more for the second picking than the first. This was not done in 1943 or 1944, which created discontent among both workers and growers. Growers then devised methods to pay above-ceiling rates in order to save this part of their crop.

Operation of a wage-ceiling order varies directly with the state of the labor market. If the labor supply is adequate and the growers have some degree of organization, growers with heavy yields, large fruit, or other advantageous harvesting conditions, can pay less than ceiling wages. Then growers with less favorable conditions can pay at the ceiling rate. The tomato harvests have been outstanding examples of this smooth operation.

As the labor supply is tighter, and operators with the best harvest conditions are unwilling to pay below-ceiling rates, the operation of a ceiling becomes less easy. Growers with the best harvest conditions pay the ceiling rate, thus making it difficult for the more marginal operators to obtain labor. Under such conditions, the ceiling operates in a selective fashion, channeling the workers to those growers who have the best working conditions and forcing other farmers to wait their chance to harvest their crops. The only way to avoid this is by a liberal policy of granting the right to pay adjusted rates.

There is a limited range, therefore, within which a wage ceiling will operate to advantage. If the labor supply is ample, wage ceilings are not needed. If the labor supply is so short that it can't handle all the operations, a ceiling is likely to keep marginal growers from getting a chance to harvest their crops. When the labor supply is quite short then the only fair solution is to add workers until a ceiling will work smoothly. Within its range of operation, a ceiling will help to use the available supply to the best advantage.

PERMANENT RESULTS

The wage-ceiling program was designed as a temporary expedient. Without it, farm wages in California, particularly for harvest operations, would have risen much higher, which would have exerted an upward pressure on prices of farm products. Unchecked wage rates would have promoted further turnover and loss of work-time from the job of gathering the crops. The 1942 harvest season furnished ample evidence of both wage and price spirals and of bidding up wages. A continuation of these trends would probably have been accompanied by a similar movement in farm real estate values.

In place of these tendencies, price and wage controls resulted in a marked degree of stability pricing structure of the California farm products affected by the wage ceilings. Wage rates and prices of farm products were as well coordinated as the data available to the Wage Board would permit. Wage rates for one type of crop never became so high as to preclude other crops from being harvested. This stability, together with that achieved in the industrial economy of the State, should reduce the repercussions to be experienced during the period of postwar adjustment.

No attempt was made by the Wage Board to establish wage ceilings which would have channeled the labor supply from less essential to more essential crops. It might have followed such a policy as a war agency, but this would have produced dislocations in the labor supply and in production, which would have necessitated postwar readjustments.

Insofar as wartime wage levels led to a reasonably equitable distribution of the increased wartime income between farm operators and farm workers, this led to stability in the farm-labor situation. Employer-employee friction was greatly reduced. How far these relationships can be carried into the postwar period depends to some extent on the extent to which members of these groups have learned to work together during the war.

Employer-employee differences over farm-wage rates became rather acute in California during some of the lean years in the past. If they become a problem in the future it seems probably that the wage-stabilization program may have developed some background of cooperative experience in arriving at rates that were fair both to the grower and the worker. In such an instance the intervention of a Federal, State, or even a community agency would not be necessary if growers and workers could set machinery into motion which would handle their conflicting interests fairly. 25/

25/ Other instances of cooperative determination of wage rates in California are available. See M. R. Benedict and R. L. Adams, "Methods of Wage Determination in Agriculture." Journal of Farm Economics, Feb. 1941, pp. 71-88. Also Commonwealth Club of California, "A Farm Labor Disputes Board?" Transactions 12 (51, pt. 2) 221-255, Dec. 22, 1936

Some growers indicate that some type of wage stabilization may be needed during this postwar readjustment period so as to preclude the danger of another period like the thirties. This might call for some type of organized or semi-organized wage determination. A governmental program would run counter to grower distrust of anything that might conceivably lead in the direction of a regimented economy. Hence, voluntary methods of handling wage situations would meet with more ready acceptance. Many of the policies and procedures, and much of the data used by the State Wage Board, could be adapted for use in such a voluntary program.

Growers were reluctant to permit workers to function in a unified way in regard to the wage-ceiling program, yet they themselves learned to work together in a highly cooperative way on such matters as initiating a ceiling order, ascertaining equitable rate schedules, obtaining amendments when needed, checking and passing on requests to obtain adjustments, and laying down general policies of administration. In so doing, many farmers became more familiar with the broader aspects of wage and price levels. These constitute definite advances toward a farm citizenry which is more active in public affairs and more capable of meeting our present-day complex economic problems.

The wage-ceiling program has given impetus to analysis of wage and price data. The tendency has been to place greater reliance on "what the figures show" than on simple pressure tactics. A realization has developed that wages are closely related to the entire economic structure. Significant steps have been made, therefore, in the direction of using objective standards to determine wage rates in place of catch-as-catch can tactics.

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